

NORTH MARIN WATER DISTRICT

AGENDA - REGULAR MEETING September 5, 2017 – 7:00 p.m. District Headquarters 999 Rush Creek Place Novato, California

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Est.		
Time 7:00 p.m.	ltem	Subject
	1.	CLOSED SESSION: In accordance with California Government Code Section 54957 for Public Employment, Titles: Auditor-Controller, Assistant Auditor-Controller, and Accounting/Human Resources Supervisor
	2.	APPROVE MINUTES FROM REGULAR MEETING, August 15, 2017
	3.	APPROVE MINUTES FROM SPECIAL MEETING, August 22, 2017
	4.	APPROVE MINUTES FROM SPECIAL MEETING, August 29, 2017
	5.	GENERAL MANAGER'S REPORT
	6.	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.
	7.	STAFF/DIRECTORS REPORTS
		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.
	8.	<i>Consent-Approve:</i> Out-of-State Travel for Robert Clark and Stacie Goodpaster to attend CA- NV AWWA Fall 2017 Conference
	9.	Consent-Approve: Out-of-State Travel for General Manager to attend CA-NV AWWA Fall 2017 Conference
	10.	Consent-Approve: Set Public Hearing to Consider Revisions to Water Conservation Resolutions and Regulations
	4.4	Orange (Annual Third Derive Labor Orangian Labor Labor Con Matter Tark

- 11. **Consent-Approve:** Third Party Labor Compliance Inspection for San Mateo Tank Rehabilitation Project – RGM and Associates
- 12. **Consent-Approve:** Accounting/Human Resources Supervisor Recruitment

All times are approximate and for reference only.

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

Est. Time	ltem	Subject
		ACTION CALENDAR
	13.	Approve: Enterprise Asset Management Consulting Services – SoftResources
	14.	Approve: Debt Management Policy
	15.	<i>Approve:</i> Response to Civil Grand Jury Report- The Budget Squeeze – How will Marin Fund its Public Employee Pensions? <i>INFORMATION ITEMS</i>
	16.	Water Conservation Year End Report (July 2016 through June 2017)
	17.	Year End Progress Report - Engineering Department
	18.	Grant Avenue Bridge Pipe Replacement Project
	19.	WAC/TAC Meeting – Recap of August 7, 2017
	20.	MISCELLANEOUS Disbursements Board of Directors Classes Water Agencies Testify Against Bill to Establish California's First-Ever Water Tax Marin County Fish and Wildlife Commission Press Release – NMWD Board Appoints New Director
		<u>News Articles</u> : Sonoma- Marin train announces start date for commuters Novato's Hanna Ranch hotel-commercial plan draws praise, concerns Water Boards Remind the Public to be Aware of Harmful Algal Blooms this Holiday Weekend
8:45 p.m.	21.	ADJOURNMENT

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DRAFT NORTH MARIN WATER DISTRICT MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS August 15, 2017

6 CALL TO ORDER

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

12 Novato Residents Gary Butler and Brigid Flagerman, District employees Robert Clark 13 (Operations/Maintenance Superintendent) and Tony Arendell (Construction/Maintenance 14 Superintendent) were in the audience.

15 <u>MINUTES</u>

16 On motion of Director Baker, seconded by Director Joly the Board approved the minutes 17 from the previous meeting as presented by the following vote:

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

19 NOES: None

20 GENERAL MANAGER'S REPORT

21 Board Vacancy

Mr. McIntyre advised the Board that an email was sent to all Board members with the four candidates letter of interest to review for the special meeting on Tuesday, August 22nd at 6 p.m. He stated that an agenda packet would be available Friday and that the format will be similar to the candidate interview and selection process utilized in the January appointment.

26 Assistant Auditor-Controller position

Mr. McIntyre informed the Board that there will be a panel interview Thursday for the Assistant Auditor-Controller position. He advised that resumes were reviewed by a panel of four and David Bentley and Dianne Landeros subsequently interviewed eight candidates and narrowed it down to three for the panel interview. He stated that Mike Gossman from SCWA has agreed to participate in the panel interview. Director Baker asked who was participating in the panel interview. Mr. McIntyre responded
 that Rocky Vogler, Katie Young, Robert Clark, himself, the Sr. Accountants and the Consumer
 Services Supervisor will participate.

4 SCWA General Manager

5 Mr. McIntyre informed the Board that he distributed a news article about Mike Thompson 6 becoming the Interim General Manager for Sonoma County Water Agency. He advised that Mr. 7 Thompson is an Assistant GM and has been at SCWA for over 22 years. He stated that SCWA 8 plans to conduct a national search for a permanent General Manager.

9 OPEN TIME

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

12 STAFF / DIRECTORS' REPORTS

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

Mr. Vogler gave praise to the construction crew for their work on the pipeline that broke on top of Summit Lane and Crest Road. He said that the crew has been working diligently on repairs and the installation was on a hillside with tricky conditions and high grass. He stated that the crew from start to finish showed true professionalism..

Director Joly inquired about the update on the Wild Horse Tank intrusion. Mr. Clark stated that there were deadbolts put on the tank and 200 signs have been ordered to advise people that tampering with a water system is a federal code violation including imprisonment and monetary fines. He noted that the signs will be placed at all of the entrance to the tank sites, pump stations, any gated access and potentially on the hatches themselves.

Director Joly asked if there were signs at Stafford Lake. Mr. Clark stated that there are several signs posted and more will be added.

26 MONTHLY PROGRESS

Mr. McIntyre provided the Board with the Monthly Progress Report for July. He stated that water production is up 7% compared to one year, West Marin is up 19% and Recycled Water production is essentially the same as last year. Mr. McIntyre stated that the overall water supply storage is good with Sonoma Lake at 94%, Lake Mendocino's is at 114% and Stafford Lake at 61%. He stated that staff had gone over 300 days without a lost time accident until a wasp sting occurred ,

- 1 restarting the lost time count. Mr. McIntyre advised the Board that the Summary of Complaints and
- 2 Service Orders for July were tracking similar to last year.
- Mr. Bentley provided the Board with the Monthly Report of Investments stating that the District's cash balance increased by \$257K and the weighted average portfolio rate was 1%.

5 **CONSENT CALENDAR**

- 6 On the motion of Director Fraites, seconded by Director Baker the Board approved the 7 following items on the consent calendar by the following vote:
- 8 AYES: Director Baker, Fraites, Joly, and Petterle
- 9 NOES: None

10 <u>LETTER RESPONSE TO THE MARIN CIVIL GRAND JURY MARIN'S RETIREMENT HEALTH</u> 11 <u>CARE BENEFITS: THE MONEY STILL ISNT THERE</u>

12 The Board approved the proposed responses to the Marin County Civil Grand Jury 13 Retirement Health Care Benefits Report.

14 ADVERTISEMENT FOR RECYCLED WATER CENTRAL – ON-SITE PRIVATE RETROFITS

- 15 The Board authorized bid advertisement of the Recycled Water Central Service Area On-
- 16 Site Private Retrofit Construction Project. The estimated cost is \$488,000.

17 <u>NORTH BAY WATER REUSE AUTHORITY FOURTH AMENDED MEMORANDUM OF</u> 18 <u>UNDERSTANDING</u>

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

24 ACTION CALENDAR

25 <u>SAN MATEO TANK REHABILITIATION- AWARD CONSTRUCTION CONTRACT (FARR</u> 26 <u>CONSTRUCTION</u>

Mr. Vogler advised the Board that 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. He reminded the Board that they authorized a bid advertisement for the project on June 20, 2017. Mr. Vogler advised the Board that the Engineer's Estimate was \$1,600,000. He stated that staff received five bids, four of which were extremely close. Mr. Vogler informed the Board that Farr Construction, of Sparks, Nevada, submitted the lowest responsive bid of \$1,725,400 which is \$125,400 above the Engineer's construction cost estimate. He noted that the bid is \$4,880 below the next lowest bidder. He advised that a bid evaluation was performed by the District staff. Mr. Vogler advised that 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.

Mr. McIntyre acknowledged Mr. Vogler and the engineering staff regarding the close,
competitive that the bids. He stated that it's a testament that the contract documents are clear and
concise with minimal ambiguity.

10 On motion of Director Fraites, seconded by Director Baker, the Board approved award of 11 the contract to Farr Construction, authorized the General Manager to execute an agreement with 12 Farr Construction for \$1,725,400 and set aside a contingency reserve of \$90,000 by the following 13 vote:

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

15 NOES: None

16 <u>THIRD PARTY COATING INSPECTION FOR SAN MATEO TANK REHABILITATION PROJECT</u> 17 <u>AWARD CONTRACT (D.B. GAYA CONSULTING LLC)</u>

18 Mr. Vogler advised the Board that the San Mateo Tank Rehabilitation Project includes lead 19 based coating removal and complete re-coating of the tank interior and exterior. He stated that the 20 scope of work includes but is not limited to inspecting coating removal, conducting surface 21 assessment prior to re-coating, overseeing the surface preparation, monitoring coating product mixing, inspecting the application, documenting all daily tasks preformed, and verifying that work 22 23 follows contract specifications. Mr. Vogler advised the Board that the District solicited Request for 24 Proposals from six firms experienced with protective coating inspections and five firms submitted proposals based on a time and materials basis. He informed the Board that D.B. Gaya was not the 25 absolute lowest fee proposal but came only \$840 above the lowest cost proposal. He noted that with 26 27 Gaya's relevant experience and close proximately, staff felt the firm was the best candidate to do the 28 work.

On motion of Director Fraites, seconded by Director Baker, the Board authorized 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 by the following vote:

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

1 NOES: None

2 **OPPOSITION TO SB 623 (MONNING) SAFE AND AFFORDABLE DRINKING WATER BILL** 3 Mr. McIntyre advised the Board that Senator William Monning has introduced SB 623 as a 4 mechanism to fund safe drinking water solutions for disadvantage communities. He stated that this 5 legislation is expected to be amended soon to include a tax on residential water bills as a funding 6 source. He noted that while the District agrees with the goal of assisting disadvantaged communities that do not have safe drinking water, SB 623 has several fundamental flaws related to funding 7 8 categories, eligibility and state water board authority. Mr. McIntyre recommends taking an oppose 9 position on SB 623.

On motion of Director Fraites, seconded by Director Baker, the Board authorized President
 Petterle to execute the SB 623 opposition letter by the following vote:

- 12 AYES: Director Baker, Fraites, Joly, and Petterle
- 13 NOES: None

14 INFORMATION ITEMS

15 SCRAP METAL RECEIPTS

16 The Board received a memo regarding the sale of scrap aluminum, copper, iron, and brass 17 to recyclers of metal materials. The total amount sold in Fiscal Year 17 is \$4,717.30.

18 MISCELLANEOUS

The Board received the following miscellaneous information: 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" and Working Group on Preservation and Conversion of the Pt. Reyes Coast Guard Facility to permanently affordable homes.

The Board received the following news articles: Marin, other U.S. water supplies targeted by
advocacy group over safety, Salinity Intrusion Notice (Pt. Reyes Light) and NMWD Board Vacancy
Notice.

The Board also received the following news article at the meeting: Sonoma County supervisors appoint interim Water Agency General Manager.

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1	<u>ADJOURNMENT</u>
2	President Petterle adjourned the meeting at 7:27 p.m.
3	Submitted by
4 5	
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7	Katie Young
8	District Secretary



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DRAFT NORTH MARIN WATER DISTRICT MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS August 22, 2017

6 CALL TO ORDER

President Petterle called the special meeting of the Board of Directors of North Marin Water
District to order at 6:00 p.m. at the District headquarters and the agenda was accepted as
presented. Present were Directors Jack Baker, Rick Fraites, Michael Joly and Steve Petterle. Also,
present were General Manager Drew McIntyre, District Secretary Katie Young, and AuditorController David L. Bentley.

In addition to the candidates being interviewed for the vacant Board of Directors position,
District employee Stacie Goodpaster (Senior Chemist) was in the audience.

14 **OPEN TIME**

President Petterle asked if anyone in the audience or staff wished to bring up an item not onthe agenda and there was no response.

17 BOARD VACANCY CANDIDATE INTERVIEWS AND APPOINTMENT

18 Mr. McIntyre stated that the purpose of the special meeting was to interview and make an 19 appointment to fill a vacancy on the Board created when former Director John Schoonover passed 20 away in July. He stated that four people had submitted letters of interest in the Board position. He 21 further advised that consistent with past practice the Board would interview each of the candidates: 22 Gary Butler, Brigid Flagerman, James Grossi, and Henry Rolph. He stated that each candidate 23 would first make a five minute opening statement and then questions by the Board would take place 24 for not more than fifteen minutes. He stated that the District Secretary would monitor the time 25 restrictions.

Following interviews of the four applicants, the Board members individually indicated their ranked choices on a written ballot with a score of 1 through 4 respectively. The General Manager tallied the scores highest to lowest and noted the results on the blackboard which were: #1- James Grossi, #2 – Gary Butler #3 – Henry Roth, and #4 Brigid Flagerman.

30 On motion of Director Baker, seconded by Director Fraites and unanimously approved by 31 the Board, James Grossi was appointed as a Director of the North Marin Water District to fill the 32 remaining term vacated by John Schoonover by the following vote:

33 AYES: Directors Baker, Fraites, Joly, and Petterle

NMWD Minutes

1	NOES: None
2	The Board expressed thanks to the candidates who had participated in the process, noting
3	the District had been fortunate to have a number of excellent candidates apply and the decision by
4	the Board to appoint a new member had not been easy.
5	SWEARING IN OF APPOINTED BOARD MEMBER
6	The Board postponed the swearing in of James Grossi to a special meeting on August 29,
7	2017 at 6 p.m.
8	ADJOURNMENT
9	President Petterle adjourned the meeting at 7:29 p.m.
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11	Submitted by
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15	Katie Young
16 17	District Secretary
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DRAFT NORTH MARIN WATER DISTRICT MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS August 29, 2017

6 CALL TO ORDER

President Petterle called the special meeting of the Board of Directors of North Marin Water
District to order at 6:00 p.m. at the District headquarters and the agenda was accepted as
presented. Present were Directors Jack Baker, Rick Fraites, Michael Joly and Steve Petterle. Also,
present were General Manager Drew McIntyre, District Secretary Katie Young, and AuditorController David L. Bentley.

12 James and Shelly Grossi and Brigid Flagerman were also in the audience.

13 **OPEN TIME**

- 14 President Petterle asked if anyone in the audience or staff wished to bring up an item not on
- 15 the agenda and there was no response.

16 SWEARING-IN OF APPOINTED BOARD MEMBER

17 District Secretary Katie Young swore in appointed Board Member James Grossi with the 18 Oath of Office.

19 ADJOURNMENT

20 21	President Petterle adjourned the meeting at 6:03 p.m.
22	Submitted by
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26	Katie Young
27	District Secretary
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ITEM #8

MEMORANDUM

To: Board of Directors

September 1, 2017

From: Robert Clark, Operation/Maintenance Superintendent

Subject: Approval for Out-of-State Travel for Robert Clark and Stacie Goodpaster to Attend CA-NV AWWA Fall 2017 Conference x\maint sup\2018\bod\swwa ca_nv fall 2017 conf cost inemo doc

RECOMMENDED ACTION: Approve out-of-state travel to Attend CA-NV AWWA Fall 2017 Conference.

FINANCIAL IMPACT: \$1500 (included in FY17/18 Operations Budget)

This year's California-Nevada AWWA Annual Fall Conference will be held on October 23-26, 2017, in Reno, Nevada. The conference will be covering a variety of emerging and timely issues regarding emergency planning, pipeline rehabilitation, water tank rehabilitation, material performance, large meter replacement programs, residential fire service applications and asset management programs. These conferences also offer excellent opportunities for networking with some of the key people in the water industry, as well as developing relationships with our counterparts in other water agencies.

Robert has been active in the CA-NV AWWA Section for the past few years participating in various Committees and is currently the Vice Chair for the Water Quality Committee. Stacie has been an active participant in the Water Quality Lab Analyst Certification Committee and is currently the Chair of this committee.

Expenses for conference attendance are included in the FY17/18 Maintenance and Laboratory Department budgets for meetings and training. Cost to the District is expected to be approximately \$1000 for O/M Superintendent and \$500 for Chemist: including conference, registration, hotel, travel, etc.

RECOMMENDATION

Approve out-of-state travel for the Operation/Maintenance Superintendent and Senior Chemist to Attend CA-NV AWWA Fall 2017 Conference.

Approved by GM



ITEM #9

MEMORANDUM

To: Board of Directors

September 1, 2017

From: Drew McIntyre, General Manager

Subject: Approval for Out-of-State Travel to Attend CA-NV AWWA Fall 2017 Conference

RECOMMENDED ACTION:

Approve out-of-state travel for the General Manager to Attend CA-NV AWWA Fall 2017 Conference.

FINANCIAL IMPACT: \$900 (included in FY17 Budget)

This year's California-Nevada AWWA Annual Fall Conference will be held on October 23-26, 2017, in Reno, Nevada. The conference will be covering a variety of emerging and timely issues within the water industry. These conferences also offer excellent opportunities for networking with some of the key people in the water industry, as well as developing relationships with our counterparts in other water agencies.

I have been active in the CA-NV AWWA Section for over thirteen years serving in various leadership roles including chair of the Pipeline Rehabilitation Committee and Water Distribution Division Chair. Most recently, I am in my third and final year as Board Trustee. As a trustee, I am charged with participating in establishing policies of the Section, overviewing execution of Section activities and serving as a liaison to the Division Chairs.

Expenses for conference attendance are included in the FY17 GM and Board of Directors budget for meetings and training. Cost to the District is expected to be approximately \$900: this includes registration, travel, etc.

RECOMMENDATION

Approve out-of-state travel for the General Manager to Attend CA-NV AWWA Fall 2017 Conference.

Approved by GM



To: **Board of Directors**

September 1, 2017

From: Drew McIntyre, General Manager

Ryan Grisso, Water Conservation Coordinator RG

Subject: Set Public Hearing to Consider Revisions to Water Conservation Resolutions and Regulations v:\memos lo board\water conservation requirements 2017.doc

RECOMMENDED ACTION: Set Public Hearing for the September 19, 2017 regular Board meeting to consider revisions to Resolutions and Regulations for water conservation requirements in Novato and West Marin Service Areas consistent with revised State requirements.

FINANCIAL IMPACT: None at this time

On April 7, 2017, Governor Brown lifted the Drought State of Emergency with Executive Order B-40-17 (Order) (Attachment 1). Although the Order rescinded most of the previous Executive Orders issued by the Governor, Executive Order B-37-16 (Making Water Conservation a California Way of Life) (Attachment 2), remained in effect except as modified by the current Order. Most notably the Order directs the State Water Resources Control Board (Water Board), to continue development of permanent prohibitions on wasteful use of water and requirements for reporting water use by urban agencies.

In response to the Governor's Order, on April 26, 2017, the State Board adopted Resolution No. 2017-0024 (Attachment 3), partially repealing regulations for statewide urban water conservation by modifying Article 22.5 (California Code of Regulations, Title 23, sections 863, 864, and 865). The State Board left in effect specific prohibited water use actions along with continued monthly water use reporting to the State.

To comply with Executive and State Board Orders in the past, the NMWD Board approved two resolutions containing water use prohibitions compliant with the State Board Order for Novato (Resolution# 14-18, on August 5, 2014) and West Marin (Resolution# 15-04, on May 19, 2015) Service Areas, and approved updated Resolutions (#14-18 and #15-04) on May 17, 2016, for each Service Area.

This year, Staff recommends that NMWD continue compliance with the current State Board Order by revising Resolution 14-18 (Attachment 4), in track changes form, for the Novato Service Area and Resolution 15-04 (Attachment 5), in track changes form, for the West Marin Service Area. In addition to revising these two Resolutions, staff also recommends some minor revisions to Regulation 15 (Novato) and Regulation 17 (West Marin) to add water waste and non-essential use prohibitions from the State Board Order, not currently included in the Regulations. Regulation 15 (Attachment 6) and Regulation 17 (Attachment 7) have been modified in track changes form, for your review and approval.

Approved by GM

Date

Water Conservation Regulations for 2017 September 1, 2017 Page 2

RECOMMENDATION

Board set public hearing for the September 19, 2017 regular Board meeting to consider approval of the third revised Resolution #14-18, second revised Resolution #15-04, revised Regulation 15, and revised Regulation 17 to comply with the Executive and State Board Orders in 2017.

Executive Department

State of California

EXECUTIVE ORDER B-40-17

WHEREAS California has endured a severe multi-year drought that has threatened the water supplies of communities and residents, devastated agricultural production in many areas, and harmed fish, animals and their environmental habitats; and

WHEREAS Californians responded to the drought by conserving water at unprecedented levels, reducing water use in communities by more than 22% between June 2015 and January 2017; and

WHEREAS the State Water Resources Control Board, the Department of Water Resources, the Department of Fish and Wildlife, the Office of Emergency Services, and many other state agencies worked cooperatively to manage and mitigate the effects of the drought on our communities, businesses, and the environment; and

WHEREAS the State provided 66,344,584 gallons of water to fill water tanks for communities suffering through drought-related water shortages, outages, or contamination, and provided emergency assistance to drill wells and connect communities to more robust water systems; and

WHEREAS the State took a number of important actions to preserve and protect fish and wildlife resources, including stream and species population monitoring, fish rescues and relocations, infrastructure improvements at trout and salmon hatcheries, and infrastructure to provide critical habitat for waterfowl and terrestrial animals; and

WHEREAS the State established a Statewide Water Efficiency and Enhancement Program for agricultural operations that provides financial assistance for the implementation of irrigation systems that save water; and

WHEREAS water content in California's mountain snowpack is 164 percent of the season average; and

WHEREAS Lake Oroville, the State Water Project's principal reservoir, is 101 percent of average, Lake Shasta, the federal Central Valley Project's largest reservoir, is at 110 percent of average, and the great majority of California's other major reservoirs are above normal storage levels; and

WHEREAS despite winter precipitation, the effects of the drought persist in areas of the Central Valley, including groundwater depletion and subsidence; and

WHEREAS our changing climate requires California to continue to adopt and adhere to permanent changes to use water more wisely and to prepare for more frequent and persistent periods of limited water supply; and

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WHEREAS increasing long-term water conservation among Californians, improving water use efficiency within the State's communities and agricultural production, and strengthening local and regional drought planning are critical to California's resilience to drought and climate change. Ş.

NOW, THEREFORE, I, EDMUND G. BROWN JR., Governor of the State of California, in accordance with the authority vested in me by the Constitution and statutes of the State of California, do hereby TERMINATE THE JANUARY 17, 2014 DROUGHT STATE OF EMERGENCY for all counties in California except the Counties of Fresno, Kings, Tulare, and Tuolumne.

I FURTHER ORDER THAT:

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- 1. The orders and provisions contained in my April 25, 2014 Emergency Proclamation, as well as Executive Orders B-26-14, B-28-14, B-29-15, and B-36-15 are rescinded.
- 2. The orders and provisions contained in Executive Order B-37-16, **Making Water Conservation a California Way of Life**, remain in full force and effect except as modified by this Executive Order.
- 3. As required by the State Emergency Plan and Government Code section 8607(f), the Office of Emergency Services, in coordination with other state agencies, shall produce an after-action report detailing the State's response to the drought and any lessons learned in carrying out that response.

MAINTAINING CONSERVATION AS A WAY OF LIFE

- 4. The State Water Resources Control Board (Water Board) shall continue development of permanent prohibitions on wasteful water use and requirements for reporting water use by urban water agencies, and to provide a bridge to those permanent requirements, shall maintain the existing emergency regulations until they expire as provided by the Water Code. Permanent restrictions shall prohibit wasteful practices such as:
 - Hosing off sidewalks, driveways and other hardscapes;
 - Washing automobiles with hoses not equipped with a shut-off nozzle;
 - Using non-recirculated water in a fountain or other decorative water feature;
 - Watering lawns in a manner that causes runoff, or within 48 hours after measurable precipitation; and
 - Irrigating ornamental turf on public street medians.
- 5. The Water Board shall rescind those portions of its existing emergency regulations that require a water supply stress test or mandatory conservation standard for urban water agencies.





Executive Department

State of California

EXECUTIVE ORDER B-37-16 MAKING WATER CONSERVATION A CALIFORNIA WAY OF LIFE

WHEREAS California has suffered through a severe multi-year drought that has threatened the water supplies of communities and residents, devastated agricultural production in many areas, and harmed fish, animals and their environmental habitats; and

WHEREAS Californians responded to the drought by conserving water at unprecedented levels, reducing water use in communities by 23.9% between June 2015 and March 2016 and saving enough water during this period to provide 6.5 million Californians with water for one year; and

WHEREAS severe drought conditions persist in many areas of the state despite recent winter precipitation, with limited drinking water supplies in some communities, diminished water for agricultural production and environmental habitat, and severely-depleted groundwater basins; and

WHEREAS drought conditions may persist in some parts of the state into 2017 and beyond, as warmer winter temperatures driven by climate change reduce water supply held in mountain snowpack and result in drier soil conditions; and

WHEREAS these ongoing drought conditions and our changing climate require California to move beyond temporary emergency drought measures and adopt permanent changes to use water more wisely and to prepare for more frequent and persistent periods of limited water supply; and

WHEREAS increasing long-term water conservation among Californians, improving water use efficiency within the state's communities and agricultural production, and strengthening local and regional drought planning are critical to California's resilience to drought and climate change; and

WHEREAS these activities are prioritized in the California Water Action Plan, which calls for concrete, measurable actions that "Make Conservation a California Way of Life" and "Manage and Prepare for Dry Periods" in order to improve use of water in our state.

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NOW, THEREFORE, I, EDMUND G. BROWN JR., Governor of the State of California, in accordance with the authority vested in me by the Constitution and statutes of the State of California, in particular California Government Code sections 8567 and 8571, do hereby issue this Executive Order, effective immediately.

IT IS HEREBY ORDERED THAT:

The orders and provisions contained in my January 17, 2014 Emergency Proclamation, my April 25, 2014 Emergency Proclamation, Executive Orders B-26-14, B-28-14, B-29-15, and B-36-15 remain in full force and in effect except as modified herein.

State agencies shall update temporary emergency water restrictions and transition to permanent, long-term improvements in water use by taking the following actions.

USE WATER MORE WISELY

- The State Water Resources Control Board (Water Board) shall, as soon as practicable, adjust emergency water conservation regulations through the end of January 2017 in recognition of the differing water supply conditions across the state. To prepare for the possibility of another dry winter, the Water Board shall also develop, by January 2017, a proposal to achieve a mandatory reduction in potable urban water usage that builds off of the mandatory 25% reduction called for in Executive Order B-29-15 and lessons learned through 2016.
- 2. The Department of Water Resources (Department) shall work with the Water Board to develop new water use targets as part of a permanent framework for urban water agencies. These new water use targets shall build upon the existing state law requirements that the state achieve a 20% reduction in urban water usage by 2020. (Senate Bill No. 7 (7th Extraordinary Session, 2009-2010).) These water use targets shall be customized to the unique conditions of each water agency, shall generate more statewide water conservation than existing requirements, and shall be based on strengthened standards for:
 - a. Indoor residential per capita water use;
 - b. Outdoor irrigation, in a manner that incorporates landscape area, local climate, and new satellite imagery data;
 - c. Commercial, industrial, and institutional water use; and
 - d. Water lost through leaks.

The Department and Water Board shall consult with urban water suppliers, local governments, environmental groups, and other partners to develop these water use targets and shall publicly issue a proposed draft framework by January 10, 2017.

3. The Department and the Water Board shall permanently require urban water suppliers to issue a monthly report on their water usage, amount of conservation achieved, and any enforcement efforts.

ELIMINATE WATER WASTE

- 4. The Water Board shall permanently prohibit practices that waste potable water, such as:
 - Hosing off sidewalks, driveways and other hardscapes;
 - Washing automobiles with hoses not equipped with a shut-off nozzle;
 - Using non-recirculated water in a fountain or other decorative water feature;
 - Watering lawns in a manner that causes runoff, or within 48 hours after measurable precipitation; and
 - Irrigating ornamental turf on public street medians.
- 5. The Water Board and the Department shall direct actions to minimize water system leaks that waste large amounts of water. The Water Board, after funding projects to address health and safety, shall use loans from the Drinking Water State Revolving Fund to prioritize local projects that reduce leaks and other water system losses.
- 6. The Water Board and the Department shall direct urban and agricultural water suppliers to accelerate their data collection, improve water system management, and prioritize capital projects to reduce water waste. The California Public Utilities Commission shall order investor-owned water utilities to accelerate work to minimize leaks.
- 7. The California Energy Commission shall certify innovative water conservation and water loss detection and control technologies that also increase energy efficiency.

STRENGTHEN LOCAL DROUGHT RESILIENCE

- 8. The Department shall strengthen requirements for urban Water Shortage Contingency Plans, which urban water agencies are required to maintain. These updated requirements shall include adequate actions to respond to droughts lasting at least five years, as well as more frequent and severe periods of drought. While remaining customized according to local conditions, the updated requirements shall also create common statewide standards so that these plans can be quickly utilized during this and any future droughts.
- The Department shall consult with urban water suppliers, local governments, environmental groups, and other partners to update requirements for Water Shortage Contingency Plans. The updated draft requirements shall be publicly released by January 10, 2017.

10. For areas not covered by a Water Shortage Contingency Plan, the Department shall work with counties to facilitate improved drought planning for small water suppliers and rural communities.

IMPROVE AGRICULTURAL WATER USE EFFICIENCY AND DROUGHT PLANNING

- 11. The Department shall work with the California Department of Food and Agriculture to update existing requirements for Agricultural Water Management Plans to ensure that these plans identify and quantify measures to increase water efficiency in their service area and to adequately plan for periods of limited water supply.
- 12. The Department shall permanently require the completion of Agricultural Water Management Plans by water suppliers with over 10,000 irrigated acres of land.
- 13. The Department, together with the California Department of Food and Agriculture, shall consult with agricultural water suppliers, local governments, agricultural producers, environmental groups, and other partners to update requirements for Agricultural Water Management Plans. The updated draft requirements shall be publicly released by January 10, 2017.

The Department, Water Board and California Public Utilities Commission shall develop methods to ensure compliance with the provisions of this Executive Order, including technical and financial assistance, agency oversight, and, if necessary, enforcement action by the Water Board to address non-compliant water suppliers.

This Executive Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

I FURTHER DIRECT that as soon as hereafter possible, this order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this order.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 9th day of May 2016.

EDMUND G. BROWN JR. Governor of California

ATTEST:

ALEX PADILLA Secretary of State

COLL 2012200 (4

STATE WATER RESOURCES CONTROL BOARD RESOLUTION NO. 2017-0024

TO PARTIALLY REPEAL A REGULATION FOR STATEWIDE URBAN WATER CONSERVATION

WHEREAS:

- On January 17, 2014, Governor Edmund G. Brown Jr. issued <u>Proclamation No. 1-17-2014</u> (January 2014 Proclamation) declaring a drought State of Emergency to exist in California due to severe drought conditions presenting urgent problems to drinking water supplies, cultivation of crops, and threatening the survival of animals and plants that rely on California's water resources. The January 2014 Proclamation called on all Californians to voluntarily reduce their water usage by 20 percent;
- 2. On April 25, 2014, Governor Edmund G. Brown Jr. issued an Executive Order (<u>April 2014 Proclamation</u>) to strengthen the State's ability to manage water and habitat in drought conditions, calling on all Californians to redouble their efforts to conserve water. The April 2014 Proclamation noted that the severe drought conditions presented urgent challenges across the State, including water shortages in communities and for agricultural production, increased wildfires, degraded habitat for fish and wildlife, threat of saltwater contamination, and additional water scarcity. The April 2014 Proclamation also suspended the environmental review required by the California Environmental Quality Act to allow certain actions, including State Water Resources Control Board (State Water Board) rulemaking pursuant to Water Code section 1058.5, to take place as quickly as possible;
- 3. On May 5, 2015, in response to <u>Executive Order B-29-15</u>, the State Water Board adopted <u>Resolution No. 2015-0032</u> and a regulation pursuant to Water Code section 1058.5 that, among other things, required a mandatory 25 percent statewide reduction in potable urban water use between June 2015 and February 2016. To implement the Executive Order, the regulation placed each urban water supplier in a conservation tier, ranging between 4 and 36 percent, based on residential per capita water use for the months of July September 2014. The State Water Board extended and revised the emergency regulation in 2016 (<u>Resolution No. 2016-0007</u>) to better consider a range of factors that contribute to water use, including climate, growth, and investment in local drought resilient supplies;
- 4. On May 9, 2016, Governor Brown issued <u>Executive Order B-37-16</u>, calling for the State Water Board to adjust emergency water conservation regulations through the end of January 2017 in recognition of the differing water supply conditions across the state. To implement the Executive Order, the State Water Board adopted, by <u>Resolution No. 2016-0029</u>, revised regulations to allow individual suppliers to self-certify that there would be no supply shortfall assuming three additional dry years. The self certification "stress test" allowed many suppliers to self-certify that there would be no supply shortfall, even after three additional drought years;

- 5. From June 2015 through February 2017, urban water suppliers reduced statewide potable water usage 22.5 percent compared to 2013, through the significant efforts of the suppliers and their customers. Conservation has generally exceeded requirements set by individual urban water suppliers using the stress test approach. Cumulative water savings since June 2015 has reached 2.6 million acre-feet of water, which is enough water to supply approximately 13 million Californians for one year;
- 6. Many California communities have faced and continue to face social and economic hardship due to this drought. Groundwater basins remain critically low in some areas, causing community and domestic wells to go dry. The rest of us can make adjustments to our water use, including landscape choices that conserve even more water;
- 7. In many areas, 50 percent or more of daily water use is for lawns and outdoor landscaping. Outdoor water use is generally discretionary, and many irrigated landscapes will survive while receiving a decreased amount of water. Furthermore, some landscape watering practices and other discretionary water uses can be considered wasteful or unreasonable both during and outside of drought conditions;
- 8. Water conservation is the easiest, most efficient, and most cost-effective way to quickly reduce water demand and extend supplies, providing flexibility for all California communities. Water can be conserved even when it's raining, by turning off outdoor irrigation when the weather is providing adequate irrigation;
- 9. Transparent water use data, education, and enforcement against water waste are key tools in efficient water use. When conservation becomes a social norm in a community, the need for enforcement is reduced or eliminated;
- 10. Appropriate messaging is necessary to help make water conservation a California way of life as we move out of one of the most severe droughts in recorded California history. Public awareness and readily accessible conservation tips are critical to achieving local, regional, and statewide conservation goals. The Save Our Water campaign, run jointly by the Department of Water Resources (DWR) and the Association of California Water Agencies, is an excellent resource for conservation information and messaging that is integral to effective drought response and efficient water use (<u>http://saveourwater.com</u>). And while efficient water use is necessary, it is important to properly water trees, which improve air quality, provide shade, and enhance aesthetic value. Excellent information on tree irrigation and care during drought can be found at <u>www.saveourwater.com/trees</u>;
- 11. The California Constitution declares, at article X, section 2, that the water resources of the state must be put to beneficial use in a manner that is reasonable and not wasteful. Relevant to the current drought conditions, the California Supreme Court has clarified that "what may be a reasonable beneficial use, where water is present in excess of all needs, would not be a reasonable beneficial use in an area of great scarcity and great need. What is a beneficial use at one time may, because of changed conditions, become a waste of water at a later time." (*Tulare Dist. v. Lindsay Strathmore Dist.* (1935) 3 Cal.2d 489, 567);

- 12. Water Code section 1058.5 grants the State Water Board the authority to adopt regulations pursuant to the emergency rulemaking process during a declared drought emergency in order to: "prevent the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion, of water, to promote water recycling or water conservation, to require curtailment of diversions when water is not available under the diverter's priority of right, or in furtherance of any of the foregoing, to require reporting of diversion or use or the preparation of monitoring reports";
- 13. Water Code section 1058.5 also provides that an emergency regulation adopted under that section "is deemed repealed immediately upon a finding by the board that due to changed conditions it is no longer necessary for the regulation to remain in effect";
- 14. By State Water Board <u>Resolution No. 2012-0061</u>, the State Water Board has delegated to the Executive Director "the authority to conduct and supervise the activities of the State Water Board…" including, but not limited to amending or revising emergency regulations previously adopted by the Board;
- 15. By "Resolved" paragraph number 4 of <u>Resolution No. 2017-0004</u> the State Water Board directed the Executive Director to consider promptly modifying or repealing the regulation consistent with Water Code section 1058.5 and State Water Board Resolution No. 2012-0061 if the Governor lifts the declaration of a drought state of emergency;
- 16. On April 7, 2017, the Governor issued <u>Executive Order B-40-17</u>, directing the State Water Board to rescind portions of its existing emergency regulations that require a water supply stress test or mandatory conservation standard for urban water agencies. EO B-40-17 also directs the State Water Board to continue development of permanent prohibitions on wasteful water use, permanent requirements for reporting water use by urban water agencies, and to continue the portions of the emergency regulations that prohibit certain wasteful water practices and require water use reporting as a bridge until permanent requirements are in place;
- 17. On April 7, 2017, in accordance with directives in EO B-37-16, the State Water Board, Department of Water Resources, Department of Food and Agriculture, California Public Utilities Commission, and the California Energy Commission, released a final report titled "<u>Making Water Conservation a California Way of Life</u>." The report describes a proposed framework for developing new water use efficiency standards, urban water use targets, and enhanced urban and agricultural water management planning requirements;
- 18. The state-mandated conservation standards developed by the State Water Board are no longer necessary under current conditions as determined by the Governor in EO B-40-17. Continued prohibition of wasteful and/or unreasonable water use practices and continued availability of transparent water use data are, however, prudent to address water supply needs and the lingering impacts of prolonged drought, and to provide a bridge to permanent rules for making water conservation a California way of life as identified in EO B-37-16 and EO B-40-17; and
- 19. This action does not constitute a new rulemaking and shall not have any effect on the dates for automatic expiration of the remaining portions of the regulation not repealed by this resolution.
THEREFORE BE IT RESOLVED THAT:

- 1. The State Water Board repeals portions of California Code of Regulations, title 23, sections 864.5, 865 and 866, as appended to this resolution, pursuant to Water Code section 1058.5;
- State Water Board staff will submit the revised text of the regulation to Office of Administrative Law (OAL) pursuant to California Code of Regulations, title 1, section 100 for OAL to review and file with the Secretary of State to update the text of the regulation; and
- 3. If, during the OAL review process, State Water Board staff, the State Water Board, or OAL determines that minor corrections to the language of the regulation or supporting documentation are needed for clarity or consistency, the State Water Board Executive Director or the Executive Director's designee may make such changes.

THEREFORE BE IT FURTHER RESOLVED THAT:

- 4. The State Water Board shall continue to work with DWR, the Public Utilities Commission, and other agencies to support urban water suppliers' actions to implement rates and pricing structures to incentivize additional conservation while protecting lowincome ratepayers, as required by directive eight in the Governor's April 1, 2015 Executive Order and <u>Assembly Bill 401</u> (2015). The Fourth District Court of Appeal's Decision in *Capistrano Taxpayer Association Inc. v. City of San Juan Capistrano* (G048969) does not foreclose the use of conservation-oriented rate structures, and conservation-oriented rate structures are an important tool to promote ongoing conservation and meet the water efficiency standards set forth in Executive Order B-37-16;
- 5. Nothing in the remaining text of the regulation precludes a local agency from exercising its authority to adopt more stringent conservation measures, and local agencies retain the enforcement discretion in enforcing the remaining text of the regulation to the extent authorized. Local agencies are encouraged to develop their own progressive enforcement practices to help make water conservation a California way of life;
- 6. The State Water Board calls upon all homeowners' associations to support and cooperate with water suppliers' and their residents' efforts to conserve water in community apartment projects, condominium projects, planned developments, and stock cooperatives statewide and to take reasonable steps to encourage efficient outdoor water use practices and locally-water efficient landscapes;
- 7. The State Water Board commends wholesale water agencies that have set aggressive conservation targets for their retail water suppliers and who have invested heavily in subsidizing efficiency measures such as turf and toilet rebates, recycled water production, and other potable water augmentation measures;

- 8. The State Water Board commends water suppliers that have made investments to boost drought-resistant supplies, such as advanced treated recycled water and desalination. Those investments help to make communities more resilient in the face of drought and the Board is committed to moving towards a more resilience-based approach to emergency water conservation and in any permanent measures going forward;
- 9. The State Water Board commends the many water suppliers that have taken steps and made systemic changes that have led to them surpassing their 20x2020 conservation targets as well as their emergency conservation targets. Long-term conservation efforts are critical to maintaining economic and social well-being, especially in light of the impacts of climate change on California's hydrology;
- During the declared drought emergency, heightened conservation that extends urban resilience was both necessary and effective at reducing dramatic economic impacts of the drought. The State Water Board's focus is on making water conservation a California way of life and encouraging efficient use of all water;
- 11. The California Water Action Plan calls for making conservation a way of life, increasing regional water self-reliance, and expanding storage capacity, among other actions. Long-term water security will depend on implementing a range of actions and the State Water Board recognizes that these actions must advance in a complementary manner such that one action does not impede the progress of another. The State Water Board recognizes that conservation requirements implemented in response to critical drought conditions differ from those actions needed to optimize urban water use efficiency and build resilience over the long-term. Resilience to drought requires a combination of water efficiency and the development of new sustainable supplies, such as recycling, stormwater capture and re-use, local storage to capture water in wet years for use in dry years, and other actions. However, the effect of climate change on California weather patterns and snowpack will undoubtedly put increased pressure on the water supply and pose greater risk for extreme weather conditions, including longer and more severe droughts. It is imperative that State agencies and water suppliers have the information and mechanisms needed to best respond to critical drought emergencies and that all sources of urban water be used efficiently over the long-term. Staff is directed to continue working with the Department of Water Resources, the Department of Food and Agricultural, the Energy Commission, and the Public Utilities Commission to carry out the directives in Executive Order B-37-16, by taking actions to facilitate a transition to permanent, long-term improvements to water use.

CERTIFICATION

The undersigned Clerk to the Board does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted by the State Water Resources Control Board's Executive Director on April 26, 2017.

Jeanine Joursend

Jeanine Townsend Clerk to the Board

ADOPTED TEXT OF EMERGENCY REGULATION

Article 22.5. Drought Emergency Water Conservation.

Sec. 863. Findings of Drought Emergency.

(a) The State Water Resources Control Board finds as follows:

(1) On January 17, 2014, the Governor issued a proclamation of a state of emergency under the California Emergency Services Act based on drought conditions;

(2) On April 25, 2014, the Governor issued a proclamation of a continued state of emergency under the California Emergency Services Act based on continued drought conditions;

(3) On April 1, 2015, the Governor issued an Executive Order that, in part, directs the State Board to impose restrictions on water suppliers to achieve a statewide 25 percent reduction in potable urban usage through February, 2016; require commercial, industrial, and institutional users to implement water efficiency measures; prohibit irrigation with potable water of ornamental turf in public street medians; and prohibit irrigation with potable water outside newly constructed homes and buildings that is not delivered by drip or microspray systems;

(4) On November 13, 2015, the Governor issued an Executive Order that directs the State Board to, if drought conditions persist through January 2016, extend until October 31, 2016 restrictions to achieve a statewide reduction in potable usage;

(5) On May 9, 2016, the Governor issued an Executive Order that directs the State Board to adjust and extend its emergency water conservation regulations through the end of January 2017 in recognition of the differing water supply conditions for many communities;

(6) The drought conditions that formed the basis of the Governor's emergency proclamations continue to exist in portions of the state, and snowpack and reservoir conditions for the end of the water year remain subject to significant change; and

(7) The Governor's proclamation remains in effect, drought conditions may persist or continuc locally through the end of the water year, and additional action by both the State Water Resources Control Board and local water suppliers will likely be necessary to prevent waste and unreasonable use of water and to further promote conservation.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 102, 104, 105, and 275, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 864. End-User Requirements in Promotion of Water Conservation.

(a) To prevent the waste and unreasonable use of water and to promote water conservation, each of the following actions is prohibited, except where necessary to address an immediate health and safety need or to comply with a term or condition in a permit issued by a state or federal agency:

(1) The application of potable water to outdoor landscapes in a manner that causes runoff such that water flows onto adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots, or structures;

(2) The use of a hose that dispenses potable water to wash a motor vehicle, except where the hose is fitted with a shut-off nozzle or device attached to it that causes it to cease dispensing water immediately when not in use;

(3) The application of potable water to driveways and sidewalks;

(4) The use of potable water in a fountain or other decorative water feature, except where the water is part of a recirculating system;

(5) The application of potable water to outdoor landscapes during and within 48 hours after measurable rainfall;

(6) The serving of drinking water other than upon request in eating or drinking establishments, including but not limited to restaurants, hotels, cafes, cafeterias, bars, or other public places where food or drink are served and/or purchased;

(7) The irrigation with potable water of ornamental turf on public street medians; and

(8) The irrigation with potable water of landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development.

(b) To promote water conservation, operators of hotels and motels shall provide guests with the option of choosing not to have towels and linens laundered daily. The hotel or motel shall prominently display notice of this option in each guestroom using clear and easily understood language.

(c) Upon this subdivision taking effect, all commercial, industrial and institutional properties that use a water supply, any portion of which is from a source other than a water supplier subject to section 864.5 or 865 of this article, shall either:

(1) Limit outdoor irrigation of ornamental landscapes or turf with potable water to no more than two days per week; or

(2) Target potable water use reductions commensurate with those required of the nearest urban water supplier under section 864.5 or, if applicable, section 865. Where this option is chosen, these properties shall implement the reductions on or before July 1, 2016.

(d) The taking of any action prohibited in subdivision (a) or, (e), or (f), or the failure to take any action required in subdivision (b) or (c), is an infraction punishable by a fine of up to five hundred dollars (\$500) for each day in which the violation occurs. The fine for the infraction is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(e)(1) To prevent the waste and unreasonable use of water and to promote water conservation, any homeowners' association or community service organization or similar entity is prohibited from:

(A) Taking or threatening to take any action to enforce any provision of the governing documents or architectural or landscaping guidelines or policies of a common interest development where that provision is void or unenforceable under section 4735, subdivision (a) of the Civil Code; or

(B) Imposing or threatening to impose a fine, assessment, or other monetary penalty against any owner of a separate interest for reducing or eliminating the watering of vegetation or lawns during a declared drought emergency, as described in section 4735, subdivision (c) of the Civil Code.

(2) As used in this subdivision:

(A) "Architectural or landscaping guidelines or policies" includes any formal or informal rules other than the governing documents of a common interest development.

(B) "Homeowners' association" means an "association" as defined in section 4080 of the Civil Code.

(C) "Common interest development" has the same meaning as in section 4100 of the Civil Code.

(D) "Community service organization or similar entity" has the same meaning as in section 4110 of the Civil Code.

(E) "Governing documents" has the same meaning as in section 4150 of the Civil Code.

(F) "Separate interest" has the same meaning as in section 4185 of the Civil Code.

(3) If a disciplinary proceeding or other proceeding to enforce a rule in violation of subdivision (e)(1) is initiated, each day the proceeding remains pending shall constitute a separate violation of this regulation.

(f) To prevent the waste and unreasonable use of water and to promote water conservation, any city, county, or city and county is prohibited from imposing a fine under any local maintenance ordinance or other relevant ordinance as prohibited by section 8627.7 of the Government Code.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 4080, 4100, 4110, 4150, 4185, and 4735, Civil Code; Section 8627.7, Government Code; Sections 102, 104, 105, 275, 350, and 10617, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 864.5. Self-Certification of Supply Reliability for Three Additional Years of Drought.

(a) To prevent the waste and unreasonable use of water and to meet the requirements of the Governor's May 9, 2016 Executive Order, each urban water supplier shall:

(1) Identify and report no later than June 22, 2016, on a form provided by the Board, the conservation standard that the supplier will be required to meet under this section;

(2) Identify and report no later than June 22, 2016, on a form provided by the Board, the data and underlying analysis relied upon by the supplier to determine the conservation standard reported pursuant to this subdivision including, but not limited to, identification of each source of supply the supplier intends to rely on and the quantity of water available under that source of supply given the assumptions of this section;

(3) Certify, no later than June 22, 2016, that the conservation standard reported pursuant to this subdivision is based on the information and assumptions identified in this section;

(4) Post, within two weeks of submittal to the board, the data and underlying analysis relied upon by the supplier to determine the conservation standard reported pursuant to this subdivision to a publicly-accessible webpage; and

(5) Beginning June 1, 2016, reduce its total potable water production by the percentage identified as its conservation standard in this section each month, compared to the amount used in the same month in 2013.

(b) Each urban water supplier's conservation standard pursuant to this section shall be the percentage by which the supplier's total potable water supply is insufficient to meet the total potable water demand in the third year after this section takes effect under the following assumptions:

(1) The next three years' precipitation is the same as it was in water years 2013-2015;

(2) No temporary change orders that increase the availability of water to any urban water supplier are issued in the next three years;

(3) The supplier's total potable water demand for each of the next three years will be the supplier's average annual total potable water production for the years 2013 and 2014;

(4) The supplier's total potable water supply shall include only water sources of supply available to the supplier that could be used for potable drinking water purposes;

(5) Each urban water supplier's conservation standard shall be calculated as a percentage and rounded to the nearest whole percentage point.

(c) The Board will reject conservation standards that do not meet the requirements of this section.

(d) Beginning June 1, 2016, each urban water supplier shall comply with the conservation standard it identifies and reports pursuant to this section.

(e) Compliance with the conservation standard reported pursuant to this section shall be measured monthly and assessed on a cumulative basis through October 2017.

(f) If a wholesaler and all of its urban water supplier customers agree, in a legallybinding document, those suppliers and wholesaler may submit to the board, in lieu of the individualized self-certified conservation standard applicable pursuant to section 864.5 or section 865, an aggregated conservation standard, with all supporting documentation required for individualized self-certified conservation standards by section 864.5.

(g) Each urban water wholesaler shall calculate, to the best of its ability, and no later than June 15, 2016, the volume of water that it expects it would deliver to each urban water supplier in each of the next three years under the assumptions identified in subdivision (b), and post that calculation, and the underlying analysis, to a publicly-accessible webpage.

(h) Submitting any information pursuant to this section that the person who submits the information knows or should have known is materially false is a violation of this regulation, punishable by civil liability of up to five hundred dollars (\$500) for each day in which the violation occurs. Every day that the error goes uncorrected constitutes a separate violation. Civil liability for the violation is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(i) Any urban water supplier that does not comply with this section shall comply with the applicable conservation standard identified in section 865.

(j) Notwithstanding the deadlines specified in subdivision (a), an urban water supplier may, no later than March 15, 2017, resubmit the material specified in subdivision (a) if that supplier has experienced a change in its baseline water supply conditions.

(k) Notwithstanding the deadlines specified in subdivision (a), an urban water supplier that did not comply with subdivision (a) may, no later than March 15, 2017, submit the material specified in subdivision (a).

(1) An urban water supplier that submits the information required by subdivision (a) in accordance with subdivision (j) or (k) shall, beginning March 1, 2017, reduce its total potable water production by the percentage identified as its conservation standard in this section each month, compared to the amount used in the same month in 2013.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 102, 104, 105, 275, 350, 1846, 10617 and 10632, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 865. Mandatory Actions by Water Suppliers.

(a) As used in this article:

(1) "Distributor of a public water supply" has the same meaning as under section 350 of the Water Code, except it does not refer to such distributors when they are functioning solely in a wholesale capacity, but does apply to distributors when they are functioning in a retail capacity.

(2) "R-GPCD" means residential gallons per capita per day.

(3) "Total potable water production" means all potable water that enters into a water supplier's distribution system, excluding water placed into storage and not withdrawn for use during the reporting period, or water exported outsider the supplier's service area.

(4) "Urban water supplier" means a supplier that meets the definition set forth in Water Code section 10617, except it does not refer to suppliers when they are functioning solely in a wholesale capacity, but does apply to suppliers when they are functioning in a retail capacity.

(5) "Urban water wholesaler" means a wholesaler of water to more than one urban water supplier.

(6) "Water year" means the period from October 1 through the following September 30. Where a water year is designated by year number, the designation is by the calendar year number in which the water year ends.

(b) In furtherance of the promotion of water conservation each urban water supplier shall:

(1) Provide prompt notice to a customer whenever the supplier obtains information that indicates that a leak may exist within the end-user's exclusive control.

(2) Prepare and submit to the State Water Resources Control Board by the 15th of each month a monitoring report on forms provided by the Board. The monitoring report shall include the amount of potable water the urban water supplier produced, including water provided by a wholesaler, in the preceding calendar month and shall compare that amount to the amount produced in the same calendar month in 2013. The monitoring report shall specify the population served by the urban water supplier, the percentage of water produced that is used for the residential sector, descriptive statistics on water conservation compliance and enforcement efforts, the number of days that outdoor irrigation is allowed, and monthly commercial, industrial and institutional sector use. The monitoring report shall also estimate the gallons of water per person per day used by the residential customers it serves.

(c)(1) To prevent the waste and unreasonable use of water and to meet the requirements of the Governor's May 9, 2016 Executive Order, each urban water supplier that fails to identify a conservation standard as required under section 864.5, or that has a conservation standard rejected by the Board under section 864.5, shall reduce its total potable water production by the percentage identified as its conservation standard in this section. Each urban water supplier's conservation standard considers its service area's relative per capita water usage.

(2) Each urban water supplier whose average July-September 2014 R-GPCD was less than 65 shall reduce its total potable water production by 8 percent for each month as compared to the amount used in the same month in 2013.

(3) Each urban water supplier whose average July-September 2014 R-GPCD was
 65 or more but less than 80 shall reduce its total potable water production by
 12 percent for each month as compared to the amount used in the same month in 2013.

(4) Each urban water supplier whose average July-September 2014 R-GPCD was 80 or more but less than 95 shall reduce its total potable water production by

16 percent for each month as compared to the amount used in the same month in 2013.
 (5) Each urban water supplier whose average July-September 2014 R-GPCD was
 95 or more but less than 110 shall reduce its total potable water production by
 20 percent for each month as compared to the amount used in the same month in 2013.

(6) Each urban water supplier whose average July-September 2014 R-GPCD was 110 or more but less than 130 shall reduce its total potable water production by 24 percent for each month as compared to the amount used in the same month in 2013.

(7) Each urban water supplier whose average July-September 2014 R-GPCD was 130 or more but less than 170 shall reduce its total potable water production by 28 percent for each month as compared to the amount used in the same month in 2013.

(8) Each urban water supplier whose average July-September 2014 R-GPCD was 170 or more but less than 215 shall reduce its total potable water production by 32 percent for each month as compared to the amount used in the same month in 2013.

(9) Each urban water supplier whose average July September 2014 R-GPCD was 215 or more shall reduce its total potable water production by 36 percent for each month as compared to the amount used in the same month in 2013.

(d)(1) Beginning June 1, 2015, each urban water supplier that does not submit a self-certification in compliance with section 864.5 shall comply with the conservation

standard specified in subdivision (c), with any modifications to the conservation standard pursuant to subdivision (f) applying beginning March 1, 2016.

(2) Compliance with the requirements of this subdivision shall be measured monthly and assessed on a cumulative basis through <u>October</u> 2017.

(e)(1) Each urban water supplier that provides potable water for commercial agricultural use meeting the definition of Government Code section 51201, subdivision (b), may subtract the amount of water provided for commercial agricultural use from its potable water production total, provided that any urban water supplier that subtracts any water provided for commercial agricultural use from its total potable water production shall:

(A) Impose reductions determined locally appropriate by the urban water supplier, after considering the applicable urban water supplier conservation standard specified in subdivision (c), for commercial agricultural users meeting the definition of Government Code section 51201, subdivision (b) served by the supplier;

(B) Report its total potable water production pursuant to subdivision (b)(2) of this section, the total amount of water supplied for commercial agricultural use, and shall identify the reduction imposed on its commercial agricultural users and each recipient of potable water for commercial agricultural use;

(D) Comply with the Agricultural Water Management Plan requirement of paragraph 12 of the April 1, 2015 Executive Order for all commercial agricultural water served by the supplier that is subtracted from its total potable water production.

(2) Submitting any information pursuant to subdivision (e)(1)(B) or (C) of this section that is found to be materially false by the Board is a violation of this regulation, punishable by civil liability of up to five hundred dollars (\$500) for each day in which the violation occurs. Every day that the error goes uncorrected constitutes a separate violation. Civil liability for the violation is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(f) In consideration of the differences in climate affecting different parts of the state, growth experienced by urban areas and significant investments that have been made by some suppliers towards creating new, local, drought-resilient sources of potable water supply, an urban water supplier's conservation standard identified in subdivision (c) shall be reduced by an amount, not to exceed eight (8) percentage points total, as follows:

(1) For an urban water supplier whose service area evapotranspiration (ETo) for the months of July through September exceeds the statewide average evapotranspiration, as determined by the Board, for the same months by five (5) percent or more, the supplier's conservation standard identified in subdivision (c) shall be reduced:

(A)By two (2) percentage points if the supplier's service area evapotranspiration exceeds the statewide average by five (5) percent or more but less than ten (10) percent;

(B) By three (3) percentage points if the supplier's service area evapotranspiration exceeds the statewide average by ten (10) percent or more but less than twenty (20) percent;

(C) By four (4) percentage points if the supplier's service area evapotranspiration exceeds the statewide average by twenty (20) percent or more.

(D) Statewide average evapotranspiration is calculated as the arithmetic mean of all urban water suppliers' service area default evapotranspiration values for the months of July through September. Default service area evapotranspiration will be based on the California Irrigation Management System (CIMIS) ETo Zones Map zone for which the supplier's service area has the greatest area of overlap. In lieu of applying its default service area evapotranspiration, a supplier may use specific data from CIMIS stations within its service area that have at least a five-year period of record, or a three year continuous period of record, to identify a more specifically-applicable evapotranspiration for its service area. If no CIMIS station exists within the supplier's service area, a weather station of comparable accuracy, meeting the preceding period of record requirements, may be used. To qualify for the in-lieu climate adjustment, the supplier shall submit the following data to the Board by March 15, 2016 for each station: station ID; station location; and monthly average evapotranspiration, in inches per month, for July, August, and September for either the five-year period of record or the three-year continuous period of record.

(2) To account for water efficient growth experienced in the state since 2013, urban water suppliers' conservation standards shall be reduced by the product of the percentage change in potable water production since 2013 and the percentage reduction in potable water use required pursuant to subdivision (c), rounded to the nearest whole percentage point. Change in potable water production since 2013 shall be calculated as the sum of the following:

(A) The number of additional permanent residents served since January 1, 2013, multiplied by the average residential water use per person for that supplier's service area during the months of February through October, 2015, in gallons; and

(B) The number of new commercial, industrial and institutional connections since January 1, 2013, multiplied by the average commercial, industrial and institutional water use per connection for that supplier's service area during the months of February through October, 2015, in gallons.

(C) To qualify for the growth credit the supplier shall submit to the Board the following data by March 15, 2016: the number of additional permanent residents served since January 1, 2013 and the number of new commercial, industrial and institutional connections since January 1, 2013.

(3) For an urban water supplier that supplies, contracts for, or otherwise financially invests in, water from a new local, drought-resilient source of supply, the use of which does not reduce the water available to another legal user of water or the environment, the conservation standard identified in subdivision (c) shall be reduced:

(A)By one (1) percentage point if the supplier's qualifying source of supply is one (1) percent or more but less than two (2) percent of the supplier's total potable water production;

(B) By two (2) percentage points if the supplier's qualifying source of supply is two (2) percent or more but less than three (3) percent of the supplier's total potable water production;

(C) By three (3) percentage points if the supplier's qualifying source of supply is three (3) percent or more but less than four (4) percent of the supplier's total potable water production;

(D) By four (4) percentage points if the supplier's qualifying source of supply is four (4) percent or more but less than five (5) percent of the supplier's total potable water production;

(E) By five (5) percentage points if the supplier's qualifying source of supply is five (5) percent or more but less than six (6) percent of the supplier's total potable water production;

(F) By six (6) percentage points if the supplier's qualifying source of supply is six (6) percent or more but less than seven (7) percent of the supplier's total potable water production;

(G)By seven (7) percentage points if the supplier's qualifying source of supply is seven (7) percent or more but less than eight (8) percent of the supplier's total potable water production;

(H)By eight (8) percentage points if the supplier's qualifying source of supply is eight (8) percent or more of the supplier's total potable water production.

(I) To qualify for this reduction the supplier must certify, and provide documentation to the Board upon request demonstrating, the percent of its total potable water production that comes from a local, drought-resilient source of supply developed after 2013, the supplier's investment in that local, drought-resilient source of supply, and that the use of that supply does not reduce the water available to another legal user of water or the environment. To qualify for this reduction an urban water supplier shall submit the required certification to the Board by March 15, 2016.

(J) Certifications that do not meet the requirements of subdivision (f)(3)(I), including certifications for which documentation does not support that the source of supply is a local, drought-resilient source of supply, the use of which does not reduce the water available to another legal user of water or the environment, will be rejected. Submitting a certification or supporting documentation pursuant to subdivision (f)(3)(I) that is found to be materially false by the Board is a violation of this regulation, punishable by civil liability of up to five hundred dollars (\$500) for each day in which the violation occurs. Every day that the error goes uncorrected constitutes a separate violation. Civil liability for the violation is in addition to, and does not supersede or limit, any other remedies, civil or criminal.

(4) No urban water supplier's conservation standard pursuant to this section_shall drop below eight (8) percent as a consequence of the reductions identified in this subdivision.

(g) To prevent waste and unreasonable use of water and to promote water conservation, each distributor of a public water supply that is not an urban water supplier shall:

(1) Provide prompt notice to a customer whenever the supplier obtains information that indicates that a leak may exist within the end-user's exclusive control.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 102, 104, 105, 275, 350, 1846, 10617 and 10632, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Sec. 866. Additional Conservation Tools.

(a)(1) To prevent the waste and unreasonable use of water and to promote conservation, when a water supplier does not meet its conservation standard required by section 864.5 or section 865 the Executive Director, or the Executive Director's designee, may issue conservation orders requiring additional actions by the supplier to come into compliance with its conservation standard.

(2) A decision or order issued under this article by the Board or an officer or employee of the Board is subject to reconsideration under article 2 (commencing with section 1122) of chapter 4 of part 1 of division 2 of the Water Code.

(b) The Executive Director, or his designee, may issue an informational order requiring water suppliers, or commercial, industrial or institutional properties that receive any portion of their supply from a source other than a water supplier subject to section 864.5 or 865, to submit additional information relating to water production, water use or water conservation. The failure to provide the information requested within 30 days or any additional time extension granted is a violation subject to civil liability of up to \$500 per day for each day the violation continues pursuant to Water Code section 1846.

(c) Orders issued under previous versions of this section shall remain in effect and shall be enforceable as if adopted under this version. Changes in the requirements of this article do not operate to void or excuse noncompliance with orders issued before those requirements were changed.

Authority: Section 1058.5, Water Code.

References: Article X, Section 2, California Constitution; Sections 100, 102, 104, 105, 174, 186, 187, 275, 350, 1051, 1122, 1123, 1825, 1846, 10617 and 10632, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

RESOLUTION 14-18 THIRD REVISED

RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH MARIN WATER DISTRICT IMPLEMENTING THE STATE WATER RESOURCES CONTROL BOARD'S MANDATE ON URBAN WATER SUPPLIERS TO ACTIVATE MANDATORY RESTRICTIONS ON WATER USE.

WHEREAS, pursuant to California Water Code Section 102, all water in the state is the property of the people of the state; and

WHEREAS, the State Resources Control Board (State Board) is the agency tasked with issuing and monitoring permits to urban water suppliers and others to appropriate water statewide and determining the amount, purpose, place and beneficial use of that water. The North Marin Water District (District) is the beneficiary of multiple State Board permits which authorize the appropriation of waters of the state; and

WHEREAS, Water Code Section 10617 defines "urban water supplier" as a supplier for municipal purposes that serves 3,000 customers or more than 3,000 acre feet annually. Pursuant to Section 10617, the District is an urban water supplier; and

WHEREAS, on January 17, 2014, Governor Brown declared a Drought State of Emergency; and

WHEREAS, on July 15, 2014, the State Board adopted Article 22.5 entitled "Drought Emergency Water Conservation Regulations" (California Code of Regulations, Title 23, <u>S</u>sections 863, 864, and 865) which <u>makes-made</u> drought related findings and impose<u>ds</u> mandatory requirements on urban water suppliers state-wide; and

WHEREAS, on March 17, 2015 and May 5, 2015 the State Board amended and re-adopted the Drought Emergency Water Conservation Regulations for an additional 270 days, and

WHEREAS, on May 9, 2016 the State Board proposed revisionsrevised to the Drought Emergency Water Conservation Regulations which remained in effect through February 28, 2017; and-

WHEREAS, on April 7, 2017 the Governor lifted the Drought Emergency with Executive Order B-40-17; and

WHEREAS, on April 26, 2017, in response to the Governor's Order, the State Board adopted Resolution No. 2017-0024, partially repealing regulations for Statewide urban water conservation by modifying Article 22.5 (California Code of Regulations, Title 23, sections 863, 864, and 865).

WHEREAS, Section 863 of Article 22.5 made the following factual findings related to the current previous state of drought in California and the Governor's previous proclamations of emergency related thereto:

1. On January 17, 2014, the Governor proclaimed a state of emergency under the California Emergency Services Act (Act) based on drought conditions;

2. On April 25, 2014, the Governor issued a proclamation of continued state of emergency under the Act based on continued drought conditions existing statewide;

3. On April 1, 2015, the Governor issued an Executive Order directing the State Board to impose restrictions to achieve a statewide 25% reduction in potable urban water use through February 2016;

4. On May 9, 2016, the Governor issued an Executive Order that directs the State Board to adjust and extend its emergency water conservation regulations through the end of January 2017 in recognition of the differing water supply conditions for many communities.

5. The drought conditions forming the base of the Governor's proclamations still exist in portions of the State;

- 6. The present year rainfall in Novato to date is 80% of average and normal conditions prevail on Lagunitas Creek and the Russian River.
- 7. The drought conditions may continue in the future and additional action by both the State Water Resources Control Board and local water suppliers may be necessary to further promote conservation.

WHEREAS, Section 864 of Article 22.5 promotes conservation by prohibiting the following outdoor activities, except where necessary to address an immediate health and safety need or to comply with a term or condition in a permit issued by a state or federal agency;

- 1. The application of potable water to outdoor landscapes in a manner that causes runoff such that water flows onto adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots, or structures;
- 2. The use of a hose that dispensed potable water to wash a motor vehicle, except where the hose is fitted with a shut-off nozzle or device attached to it that causes it to cease dispensing water immediately when not in use;
- 3. The application of potable water to driveways and sidewalks;
- 4. The use of potable water in a fountain or other decorative water feature, except where the water is part of a recirculation system;
- 5. The application of potable water to outdoor landscapes during and within 48 hours after measurable rainfall; and

- 6. The serving of drinking water other than upon request in eating or drinking establishments, including but not limited to restaurants, hotels, cafes, cafeterias, bars, or other public places where food or drink are served and/or purchased;
- 7. The irrigation with potable water of ornamental turf on public street medians.
- 8. The irrigation with potable water of any landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development.
- To promote water conservation, operators of hotels and motels shall provide guests with the option of choosing not to have towels and linens laundered daily. The hotel or motel shall prominently display notice of this option in each guestroom using clear and easily understood language.

WHEREAS, Section 865 of Article 22.5 requires urban water suppliers state-wide to:

- 1. Provide prompt notice to a customer whenever the supplier obtains information that indicates that a leak may exist within the end-users exclusive control;
- 2. Prepare and submit to the State Board by the 15th of each month a monitoring report that includes the amount of potable water produced, including potable water provided by a wholesaler, in the preceding calendar month compared to the amount produced in the same calendar month in 2013 and estimate the gallons of water per person per day used by the residential customers it serves. The monitoring report shall specify the population served by the urban water supplier, the percentage of water produced that is used for the residential sector, descriptive statistics on water conservation compliance and enforcement efforts, and the number of days that outdoor irrigation is allowed and monthly commercial, industrial and institutional sector use.

NOW, THEREFORE, THE BOARD OF DIRECTORS RESOLVES AS FOLLOWS:

- The District's existing Regulation 15, section b. (Water Conservation Novato Service Area), contains prohibitions on a portion of those uses contained in Section 864 of Article 22.5, and remains in effect.
- 1. In response to the prohibitions <u>remaining</u> in <u>the revised</u> Section 8645 in Article 22.5, the Board directs staff to implement those water conservation measures prohibiting waste and non-essential uses of water as noted in <u>the revised</u> Section 864<u>, and listed above</u>. In addition, the Board leaves in full force and effect Regulation 15, Section b. These will ensure continued water conservation and compliance with the <u>remaining</u> mandates contained in Article 22.5. Enforcement will be in accordance with existing provisions of Regulation 15, Section b. (4)
- 2.
- 3-2. The Board directs staff to comply with the reporting requirements noted inremaining in the revised Section 865 offer Article 22.5.

4.3. The provisions of this Resolution shall remain in effect as long as Article 22.5 remains in effect or until this Resolution is rescinded or modified by the Board.

* * * * *

I hereby certify that the foregoing is a true and complete copy of a resolution duly and regularly adopted by the Board of Directors of NORTH MARIN WATER DISTRICT at a regular meeting of said Board held on the <u>seventeenth_nineteenth_of May_September_20176</u>, by the following vote:

AYES:	Directors Baker, Fraites, Petterle, Rodoni and Schoonover	
NOES:	None	
ABSENT:	None	
ABSTAINED:	None	

Katie Young, District Secretary North Marin Water District

(SEAL)

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RESOLUTION 15-04 SECOND REVISED

RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH MARIN WATER DISTRICT IMPLEMENTING THE STATE WATER RESOURCES CONTROL BOARD'S MANDATE ON URBAN WATER SUPPLIERS TO ACTIVATE MANDATORY RESTRICTIONS ON WATER USE.

WHEREAS, pursuant to California Water Code Section 102, all water in the state is the property of the people of the state; and

WHEREAS, the State Resources Control Board (State Board) is the agency tasked with issuing and monitoring permits to urban water suppliers and others to appropriate water statewide and determining the amount, purpose, place and beneficial use of that water. The North Marin Water District (District) is the beneficiary of multiple State Board permits which authorize the appropriation of waters of the state; and

WHEREAS, Water Code Section 10617 defines "urban water supplier" as a supplier for municipal purposes that serves 3,000 customers or more than 3,000 acre feet annually. Pursuant to Section 10617, the District's West Marin Service area is not considered an urban water supplier; and

WHEREAS, on January 17, 2014, Governor Brown declared a Drought State of Emergency; and

WHEREAS, on July 15, 2014, the State Board adopted Article 22.5 entitled "Drought Emergency Water Conservation Regulations" (California Code of Regulations, Title 23, <u>S</u>ections 863, 864, and 865) which <u>makes made</u> drought related findings and imposes mandatory requirements on urban water suppliers state-wide; and

WHEREAS, on March 17, 2015 and May 5, 2015 the State Board amended and re-adopted the Drought Emergency Water Conservation Regulations for an additional 270 days, and

WHEREAS, on May 9, 2016, the State Board proposed revisions torevised the Drought Emergency Water Conservation Regulations which remained in effect through February 28, 2017; and-

WHEREAS, on April 7, 2017, the Governor lifted the Drought Emergency with Executive Order B-40-17; and

WHEREAS, on April 26, 2017, in response to the Governor's Order, the State Board adopted Resolution No. 2017-0024, partially repealing regulations for Statewide urban water conservation by modifying Article 22.5 (California Code of Regulations, Title 23, Sections 863, 864, 865); and

WHEREAS, Section 863 of Article 22.5 made the following factual findings related to the current previous state of drought in California and the Governor's previous proclamations of emergency: and related thereto:

1. On January 17, 2014, the Governor proclaimed a state of emergency under the California Emergency Services Act (Act) based on drought conditions;

- 2. On April 25, 2014, the Governor issued a proclamation of continued state of emergency under the Act based on continued drought conditions existing statewide;
- On April 1, 2015, the Governor issued an Executive Order directing the State Board to impose restrictions to achieve a statewide 25% reduction in potable urban water use through February 2016;
- On May 9, 2016, the Governor issued an Executive Order that directs the State Board to adjust and extend its emergency water conservation regulations through the end of January 2017 in recognition of the differing water supply conditions for many communities.
- 5. The drought conditions forming the base of the Governor's proclamations still exist in portions of the State;
- 6. The present year rainfall in West Marin is above average and normal year conditions prevail on Lagunitas Creek.
- 7. The drought conditions may continue in the future and additional action by both the State Water Resources Control Board and local water suppliers may be necessary to further promote conservation.

WHEREAS, Section 864 of Article 22.5 promotes conservation by prohibiting the following outdoor activities, except where necessary to address an immediate health and safety need or to comply with a term or condition in a permit issued by a state or federal agency;

- 1. The application of potable water to outdoor landscapes in a manner that causes runoff such that water flows onto adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots, or structures;
- 2. The use of a hose that dispensed potable water to wash a motor vehicle, except where the hose is fitted with a shut-off nozzle or device attached to it that causes it to cease dispensing water immediately when not in use;
- 3. The application of potable water to driveways and sidewalks;
- 4. The use of potable water in a fountain or other decorative water feature, except where the water is part of a recirculation system;
- 5. The application of potable water to outdoor landscapes during and within 48 hours after measurable rainfall; and
- 6. The serving of drinking water other than upon request in eating or drinking establishments, including but not limited to restaurants, hotels, cafes, cafeterias, bars, or other public places where food or drink are served and/or purchased;

- 7. The irrigation with potable water of ornamental turf on public street medians.
- The irrigation with potable water of any landscapes outside of newly constructed homes and buildings in a manner inconsistent with regulations or other requirements established by the California Building Standards Commission and the Department of Housing and Community Development.
- To promote water conservation, operators of hotels and motels shall provide guests with the option of choosing not to have towels and linens laundered daily. The hotel or motel shall prominently display notice of this option in each guestroom using clear and easily understood language.

WHEREAS, Section 865 of Article 22.5 requires water suppliers not considered to be urban water suppliers state-wide to:

- 1. Provide prompt notice to a customer whenever the supplier obtains information that indicates that a leak may exist within the end-users exclusive control.
- Submit a report by December 15, 2016, on a form provided by the State Water Resources Control Board, that identifies total potable water production, by month, from December, 2015 through November 2016, total water production, by month, for the same in 2013, and any actions taken by the supplier to encourage or require its customers to conserve water.

NOW, THEREFORE, THE BOARD OF DIRECTORS RESOLVES AS FOLLOWS:

- 1. The District's existing Regulation 17, section b. (Water Conservation West Marin Service Area), contains prohibitions on a portion those uses contained in Section 864 of Article 22.5, and remains in effect.
- 2.1. In response to the prohibitions <u>remaining</u> in <u>revised</u> Section 864 in Article 22.5 the Board directs staff to implement those water conservation measures prohibiting waste and non-essential use of water as noted in <u>the revised</u> Section 864 and listed above. In addition, the Board leaves in full force and effect Regulation 17, Section b. Enforcement will be in accordance with existing enforcement provisions of Regulation 17, Section b.
- 3.2. The Board directs staff to comply with the reporting requirements noted remaining in the revised in Section 865, Section (g)(2) of Article 22.5, if applicable to the West Marin Service Area...
- 4-<u>3.</u> The provisions of this Resolution shall remain in effect as long as Article 22.5 remains in effect or until this Resolution is rescinded or modified by the Board.

* * * * *

I hereby certify that the foregoing is a true and complete copy of a resolution duly and regularly adopted by the Board of Directors of NORTH MARIN WATER DISTRICT at a regular

meeting of said Board held on the seventeenth_nineteenth_of May_September_20176, by the following vote:

AYES:	Directors Baker, Fraites, Petterle, Rodoni and Schoonover
NOES:	None
ABSENT:	None
ABSTAINED:	None
	Katio Young District Secretary

(SEAL)

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Katie Young, District Secretary North Marin Water District

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NORTH MARIN WATER DISTRICT

REGULATION 15

WATER CONSERVATION - NOVATO SERVICE AREA

A. Purpose

The purpose of this regulation is to assure that water resources available to the District are put to reasonable beneficial use, that the instream values of Novato Creek and the Russian River are preserved to the maximum possible extent and that the benefits of the District's water service extend to the largest number of persons.

B. Waste of Water Prohibited

- (1) Customers shall not permit any water furnished by the District for the following nonessential uses:
 - (a) The washing of sidewalks, walkways, driveways, parking lots and other hard surfaced areas by direct hosing when runoff water directly flows to a gutter or storm drain, except as may be necessary to properly dispose of flammable or other dangerous liquids or substances, wash away spills that present a trip and fall hazard, or to prevent or eliminate materials dangerous to the public health and safety;
 - (b) The escape of water through breaks or leaks within the customers' plumbing or private distribution system for any substantial period of time within which such break or leak should reasonably have been discovered and corrected. It shall be presumed that a period of seventy-two (72) hours after the customer discovers such a break or leak or receives notice from the District, is a reasonable time within which to correct such break or leak, or, as a minimum, to stop the flow of water from such break or leak;
 - (c) Irrigation in a manner or to an extent which allows excessive run-off of water or unreasonable over-spray of the areas being watered. Every customer is deemed to have his/her water system under control at all times, to know the manner and extent of his/her water use and any run-off, and to employ available alternatives to apply irrigation water in a reasonably efficient manner;
 - Washing cars, boats, trailers or other vehicles and machinery directly with a hose not equipped with a shutoff nozzle;
 - (e) Water for non-recycling decorative water fountains;
 - (f) Water for new non-recirculating conveyor car wash systems;
 - (g) Water for new non-recirculating industrial clothes wash systems;
 - (h) Water for single pass coolant systems;-
 - Potable water for outdoor landscaping during or within 48 hours of measurable rainfall;
 - Potable water on ornamental turf in public street medians;
 - (k) Drinking water other than on request in eating or dining establishments;

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(I) Water for the daily laundering of towels and linens in hotels and motels without offering guests the option of choosing not to have daily laundering;

- (2) <u>Exempt Water Uses</u>. All water use associated with the operation and maintenance of fire suppression equipment or employed by the District for water quality flushing and sanitation purposes shall be exempt from the provisions of this section. Use of water supplied by a private well or from a recycled water, gray water or rainwater utilization system is also exempt.
- (3) <u>Variances</u>. Any customer of the District may make written application for a variance. Said application shall describe in detail why Applicant believes a variance is justified.
 - (a) The General Manager of the District may grant variances for use of water otherwise prohibited by this section upon finding and determining that failure to do so would cause an emergency condition affecting the health, sanitation, fire protection or safety of the Applicant or public; or, cause an unnecessary and undue hardship on Applicant or public, including but not limited to, adverse economic impacts, such as loss of production or jobs.
 - (b) The decision of the General Manager of the District may be appealed to the Board of Directors by submitting a written appeal to the District within fifteen (15) calendar days of the day of the General Manager's decision. Upon granting any appeal, the Board of Directors may impose any conditions it determines to be just and proper. Variances granted by the Board of Directors shall be prepared in writing and the Board of Directors may require the variance be recorded at Applicant's expense.
- (4) <u>Enforcement</u>. Depending on the extent of the water waste, the District may, after written or verbal notification to customer and after a reasonable time to correct the violation as solely determined by the District, take some or all of the following actions:
 - (a) Telephone the customer to inform of the water waste violation including a specified period of time to correct the violation;
 - (b) Personal contact with the customer at the address of the water service. If personal contact is unsuccessful, written notice of the violation including a date that the violation is to be corrected may be left on the premises with a copy of the notice sent by certified mail to the customer;
 - (c) The District may install a flow-restricting device on the service line;
 - (d) The District may cause termination of water service and the charge for same shall be billed to the customer. Except in cases of extreme emergency as solely determined by the General Manager of the District, service shall not be reinstated until verified by the District that the violation has been corrected and all outstanding charges have been paid.
 - (e) The District may impose a penalty, in an amount approved by the Board from time to time, to be assessed on the customer water bill.

C. Use of Water Saving Devices

Each customer of the District is urged to install water efficient devices that meet or exceed EPA WaterSense standards, including but not limited to showerheads, sink aerators and toilets.

D. Water-Saving Fixtures/Devices/Equipment

Revised: 7/85, 5/86, 4/4/89, 4/18/89, 7/89, 8/89, 6/90, 2/91,3/92, 5/92, 12/99, 6/00, 10/00, 10/01, 07/02, 04/04, 05/05, 05/06, 7/08, 12/09, 01/16

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NORTH MARIN WATER DISTRICT

REGULATION 17

WATER CONSERVATION - WEST MARIN SERVICE AREA

A. Purpose

The purpose of this regulation is to assure that water resources available to the District are put to reasonable beneficial use, that the in-stream values of Lagunitas Creek are preserved to the maximum possible extent and that the benefits of the District's water service extend to the largest number of persons.

- B. Waste of Water Prohibited
 - Customers shall not permit any water furnished by the District for the following nonessential uses:
 - (a) The washing of sidewalks, walkways, driveways, parking lots and other hard surfaced areas by direct hosing when runoff water directly flows to a gutter or storm drain, except as may be necessary to properly dispose of flammable or other dangerous liquids or substances, wash away spills that present a trip and fall hazard, or to prevent or eliminate materials dangerous to the public health and safety;
 - (b) The escape of water through breaks or leaks within the customers plumbing or private distribution system for any substantial period of time within which such break or leak should reasonably have been discovered and corrected. It shall be presumed that a period of seventy-two (72) hours after the customer discovers such a break or leak or receives notice from the District, is a reasonable time within which to correct such break or leak, or, as a minimum, to stop the flow of water from such break or leak;
 - (c) Irrigation in a manner or to an extent which allows excessive run off of water or unreasonable over spray of the areas being watered. Every customer is deemed to have his water system under control at all times, to know the manner and extent of his water use and any run off, and to employ available alternatives to apply irrigation water in a reasonably efficient manner;
 - (d) Washing cars, boats, trailers or other vehicles and machinery directly with a hose not equipped with a shutoff nozzle; and
 - (e) Water for non-recycling decorative water fountains.
 - (f) Water for new non-recirculating conveyor car wash systems; and
 - (g) Water for new non-recirculating industrial clothes wash systems.
 - (h) Water for single pass coolant systems.
 - Potable water for outdoor landscaping during or within 48 hours of measurable rainfall;
 - Potable water on ornamental turf in public street medians;

- (k) Drinking water other than on request in eating or dining establishments;
- (I) Water for the daily laundering of towels and linens in hotels and motels without offering guests the option of choosing not to have daily laundering;
- (2) <u>Exempt Water Uses</u>. All water use associated with the operation and maintenance of fire suppression equipment or employed by the District for water quality flushing and sanitation purposes shall be exempt from the provisions of this section. Use of water supplied by a private well or from a recycled water, gray water or rainwater utilization system is also exempt.
- (3) <u>Variances</u>. Any customer of the District may make written application for a variance, Said application shall describe in detail why applicant believes a variance is justified.
 - (a) The General Manager of the District may grant variances for use of water otherwise prohibited by this section upon finding and determining that failure to do so would cause an emergency condition affecting the health, sanitation, fire protection or safety of the applicant or public; or, cause an unnecessary and undue hardship on applicant or public, including but not limited to, adverse economic impacts, such as loss of production or jobs.
 - (b) The decision of the General Manager of the District may be appealed to the Board of Directors by submitting a written appeal to the District within fifteen (15) calendar days of the day of the General Manager's decision. Upon granting any appeal, the Board of Directors may impose any conditions it determines to be just and proper. Variances granted by the Board of Directors shall be prepared in writing and the Board of Directors may require the variance be recorded at applicant's expense.
- (4) <u>Enforcement</u>. Depending on the extent of the water waste the District may take some or all of the following actions:
 - Telephone the customer to inform of the water waste violation including a specified period of time to correct the violation;
 - (b) Personally contact the customer at the address of the water service. If personal contact is unsuccessful, written notice of the violation including a date that the violation is to be corrected will be sent by certified mail to the customer;
 - (c) Install a flow-restricting device on the service line;
 - (d) Cause termination of water service and the charge for same shall be billed to the customer. Except in cases of extreme emergency as solely determined by the General Manager of the District, service shall not be reinstated until verified by the District that the violation has been corrected and all outstanding charges have been paid.
 - (e) Any customer who fails to repair a significant leak or otherwise eliminate waste of water within twenty days after becoming aware of it or receiving written notice from the District shall pay a penalty charge equal to ten times the commodity charge for the amount of water estimated by the District to have been wasted or \$50 whichever is greater.



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MEMORANDUM

TO:	Board of Directors	September 1, 2017
FROM:	Rocky Vogler, Chief Engineer	
SUBJ:	Approve Contract: Third Party Labor Compliance Inspect Rehabilitation Project – RGM and Associates. R:Folders by Job No/6000 Jobs/6221.21 San Mateo Tank/BOD Memos/6221.21 tank fabor compliance in	

RECOMMENDED ACTION: Authorize the General Manager to execute an agreement with RGM & Associates.

FINANCIAL IMPACT: \$16,660 plus \$2,000 contingency (included in FY18 CIP Budget)

BACKGROUND:

The San Mateo Tank Rehabilitation contract award to Farr Construction (Farr) was authorized by the Board, at the August 15, 2017 meeting. The project involves structural rehabilitation and re-coating of the aforementioned tank. The Board also approved a third party coating inspection contract to DB Gaya Consulting, LLC at the same meeting. The contract Agreement with Farr Construction will be executed when all required documents are received.

Labor compliance requirements have become extensive in the recent past and staff recommends procuring services of a third party labor compliance monitoring firm for this project. The District solicited a cost proposal from RGM and Associates a firm experienced with labor compliance monitoring. RGM and Associates (RGM) have provided labor compliance services for the District on several other projects. RGM's proposal is for a not to exceed fee of \$16,660 on a time and material basis (Attachment 1).

Staff recommends awarding the third party labor compliance inspection contract to RGM and Associates.

RECOMMENDATION:

Board authorize the General Manager to execute an agreement with RGM and Associates for \$16,660 with a contingency of \$2,000.

Approved by GM

NORTH MARIN WATER DISTRICT

SAN MATEO TANK REHABILITATION PROJECT

RGM will provide complete wage compliance services, including all requirements of the applicable funding agencies. Tasks include on-site visits and worker interviews, posting of federal and/or state wage determinations, review of payroll records and additional prevailing wage documentation, written notification of deficiencies and verification of restitution, quarterly/bi-annual/annual reporting as necessary, and participation in funding agency auditing process, if requested.

Classification

Labor by Task

Labor Compliance Officer	

Labor Compliance Manager...... 0.5 hours/week for duration of project

Tasks include: Team and project management, review (with contractor/subcontractors) public works prevailing wage laws and required documentation, perform audits and/or investigations, ascertain classification or trade determinations, annual reporting, and misc. regulatory supervision, etc.

Project Startup

Prepare wage compliance information packet and review with contractors, set up spreadsheet files and project binders, prepare wage determinations and signage for posting at job site, etc. SUBTOTAL.....\$850.00

Labor Compliance Monitoring

Labor Compliance Officer	.2.0 hours x \$ 125.00 = \$ 250.00
Labor Compliance Manager	17 hours x \$ 120.00 = \$ 2,040.00
Site Monitor	48 hours x \$ 110.00 = \$ 5,280.00
Prevailing Wage Specialist	68 hours x \$ 80.00 = \$ 5,440.00
Clerical Support	34 hours x \$ 60.00 = \$ 2,040.00
SUBTOTAL	\$ 15,050.00

Project Close-out

Collect final payroll records and resolve all open wage discrepancies, prepare final reports, copy a	all	
documentation as necessary for turnover to District, etc.		
SUBTOTAL	\$	760.00

ESTIMATED TOTAL HOURLY NOT-TO-EXCEED FEE

\$ 16,660.00



MEMORANDUM

To: Board of Directors

From: David L. Bentley, Auditor-Controller/

Subj: Accounting/Human Resources Supervisor Recruitment

RECOMMENDED ACTION: Approve

FINANCIAL IMPACT: None

The Accounting/Human Resources Supervisor will retire in November. Staff proposes that the District proceed with recruitment of an Accounting/Human Resources Supervisor (see job description attached).

Adequate funding is included in the adopted budget for recruitment of an Accounting/Human Resources Supervisor.

Staff Recommendation:

Approve recruitment of an Accounting/Human Resources Supervisor.

Approved by GM Date

September 1, 2017

North Marin Water District

DRAFT ACCOUNTING / HUMAN RESOURCES SUPERVISOR

This class description is only intended to present a summary of the range of duties and responsibilities associated with the positions. Descriptions <u>may not include all</u> duties performed by individuals within the class. In addition, descriptions outline the minimum qualifications necessary for entry into the class and do not necessarily convey the qualifications of incumbents within the position.

DEFINITION

Under general supervision, performs and directs accounting and human resources functions requiring professional knowledge of cost accounting, governmental fund accounting, financial reporting and human resources management. Performs and manages a variety of professional accounting functions necessary for the accurate and timely presentation of financial and statistical reports dealing with all aspects of the District's operations. Performs and manages a variety of professional human resources functions; and performs other work as required.

DISTINGUISHING CHARACTERISTICS

The **Accounting/Human Resources Supervisor** position is responsible for compiling, maintaining and publishing financial and statistical reports in support of District activities as well as providing human resources support to District staff and management.

SUPERVISION RECEIVED/EXERCISED

Receives general direction from the Auditor-Controller. Exercises supervision over the Accountanting, Accounting Clerk, and Storekeeper positions.

ESSENTIAL DUTIES (include but are not limited to the following)

Supervises accounting personnel in the preparation of financial records; supervises, verifies and assists where necessary with preparation of journal entries, payroll, cash receipts, disbursements and distribution of various construction, overhead and other expenses; monitors compliance with the District's purchasing policy; assures the accuracy of general and subsidiary ledgers and material and equipment inventories; oversees investment of treasury funds; troubleshoots and recommends improvements in methods, procedures, software and forms; supervises, assists and reviews preparation of financial statements and statistical reports; assists in preparation of annual budget and performs miscellaneous financial analyses as required.

OTHER DUTIES

Assists the Auditor-Controller and other <u>Division Managers Department Heads</u> and supervisors with Human Resource responsibilities, and takes a lead role when assigned in employee relations, collective bargaining, recruitment and selection, classification and compensation, employee development, employee benefits administration, and performance management and discipline. Maintains an up-to-date Employee Information booklet<u>Handbook</u>, job descriptions, and tracks the performance evaluation program to assure annual reviews are conducted, insures compliance with District personnel policies. Assists outside auditors with annual audit; acts as Auditor-Controller in his/her absence.

Approved	CD
Date	1/25/08

QUALIFICATIONS (The following minimum qualifications are necessary for entry into the class):

Education/Experience

Sufficient experience and education in accounting and human resources to perform the duties of the **Accounting/Human Resources Supervisor**. A typical way of obtaining the required qualifications is to possess the equivalent of five years of experience in accounting and a Bachelor's degree in accounting, business administration, management or a closely-related field from an accredited college or university, and at least one year of experience as a supervisor, and some experience in human resources.

Knowledge/Skill/Ability

Knowledge of: accounting principles; job cost accounting; general banking procedures; general accounting processes and procedures; problem solving, interpersonal, and negotiating skills; personal computers-and, applicable software, and human resources principles.

Ability to: analyze financial statements and prepare coherent and factual reports; interpret and follow procedures, policies, rules, and ordinances applicable to assigned duties; maintain accurate records; maintain the highly confidential nature of personnel information; develop and maintain a variety of sophisticated spreadsheets; use word processing software; conduct special projects requiring analysis of processes and procedures and development of recommendations to improve the effectiveness and/or efficiency of district_District_accounting and human resource systems; prepare clear and concise written reports; work overtime, weekends and holidays as required, and remain available in the event of an emergency; establish and maintain effective working relationships.

License/Certificate

Possession of a valid Class C California driver's license.

WORKING CONDITIONS/PHYSICAL REQUIREMENTS

Position requires working in a standard office environment and involves prolonged sitting, repetitive motion, walking, kneeling, squatting, stooping, turning, bending and upper body twisting in the performance of daily activities. The position also requires grasping, repetitive hand movement, and fine coordination in preparing statistical reports and data using a computer keyboard and adding machine. Additionally, the position requires near and far vision in reading statistical data and using the computer, and hearing is required when providing phone service.

OTHER REQUIREMENTS

Per California Government Code, Title 1, Division 4, Chapter 8, Section 3100, "all public employees are hereby declared to be disaster service workers subject to such disaster service activities as may be assigned to them by their superiors or by law."

1/08



MEMORANDUM

- TO:
 Board of Directors
 Date: September 1, 2017

 FROM:
 Rocky Vogler, Chief Engineer K/ Robert Clark, Operations and Maintenance Superintendent K/
 Description

 SUBJ:
 Approve Contract: Enterprise Asset Management Consulting Services – SoftResources R:NON JOB No ISSUES/Consultants/SoftResources/BOD Memo 9-5-17 SoftResources Info.doc
 SoftResources Info.doc
- **RECOMMENDED ACTION:** Authorize the General Manager to execute an agreement with SoftResources to provide Enterprise Asset Management Software Selection Consulting Services with a not to exceed limit of \$42,600
- **FINANCIAL IMPACT:** \$42,600 (plus contingency reserve of \$8,000) (included in FY18 Operations budget)

BACKGROUND:

The Engineering and Operations' departments are interested in procuring an Enterprise Asset Management (EAM) software program to facilitate the District's ability to perform the following tasks:

- Automate work orders
- Electronically capture data submitted by field crews related to condition assessments, service calls and routine maintenance
- Integrate with the District's new GIS system to facilitate enhancements related to hydraulic modeling, asset history and trend analysis
- Provide tools necessary to analyze and understand risk of failure and cost of failure for District assets

Software selection can be a challenge for organizations given competing needs across multiple departments, lack of understanding of the technology involved, changing trends in computing and data storage/transfer, data portability, and developing equivalent cost comparisons between alternative EAM solutions. The District does not possess the relevant software expertise to be able to accurately assess and compare competing EAM programs provided by various software vendors.

The District has been considering implementing EAM for years, and has included language to this effect in the last few iterations of water master plans developed for the Novato service area. Given the work the District has completed over the last several years to develop a working GIS model of our distribution systems, the ability to leverage an appropriately selected EAM program is both relevant and timely.

EAM Software Selection Consulting Services September 1, 2017 Page 2 of 2

SoftResources Software Consulting is a firm based out of Kirkland, Washington. They specialize in assisting agencies in selecting the appropriate software based on providing the following services:

- Conducting a requirements analysis with the District to understand fully what the District needs from EAM both today and projecting into the future, as well as helping the District identify staffing capacities and aptitudes to fully engage with EAM software
- Conduct an EAM software vendor analysis to appropriately match District needs with viable software that will maximize value by ensuring a good fit
- Develop a demo script to facilitate relevant demonstrations/presentations by shortlisted software vendors
- Provide support to assist the District with decision-making
- Optional provide software contract review services

The municipal and utility markets are rife with stories of software selection and implementation that have gone awry. All too often, an agency can expend significant capital and resources to procure and implement software programs that are too complex, not embraced by staff, or are outdated, resulting in lost time and resources. SoftResources is a privately owned company that works with commercial, government and nonprofit organizations from very small startups to large, multi-national companies. They do not contract with any software providers in order to provide their clients with objective, unbiased software evaluation and recommendations that are commensurate with District abilities, financing and size. SoftResources is currently providing similar services for the City of Santa Rosa, and has worked for other Bay Area agencies including the cities of Capitola, Folsom, Mill Valley, San Carlos, and San Mateo, as well as East Bay Municipal Utility District.

RECOMMENDATION:

Board authorize the General Manager to execute an agreement with SoftResources Software Consulting for software selection consulting services with a not to exceed limit of \$42,600 plus an approved contingency reserve of \$8,000.



Engagement Letter

Enterprise Asset Management (EAM) Software Selection Consulting Services



North Marin Water District

August 8, 2017

The services and pricing quoted in this proposal are valid through September 8, 2017

SoftResources Contact: Spencer Arnesen, Principal 425.216.4030 sarnesen@softresources.com



11411 NE 124th Street, Suite 270 Kirkland, WA 98034-4341 425.216.4030 or <u>info@softresources.com</u>

August 8, 2017

Rocky Vogler, Chief Engineer North Marin Water District 999 Rush Creek Place Novato, CA 94945

Dear Mr. Vogler:

SoftResources LLC is pleased to present this Letter of Engagement to North Marin Water District, (NMWD) to provide Enterprise Asset Management (EAM) Software Selection Consulting Services.

SoftResources understands that NMWD is currently using MaintScape for Work Orders and SCADA and Sage MAS 90 for Accounting (including Warehouse). Other areas of importance to NMWD for this project: Backflow/Cross-Connection (using SC2); Engineering which is currently using manual (paper) Work Orders and Materials Requisition forms (bar-coded); and GIS.

NMWD has requested that SoftResources provide the following services:

- Conduct requirements analysis and develop the Key Requirements document for an EAM solution.
- Conduct vendor analysis for EAM software (limited to a long list of 6-8 vendors based on SoftResources recent experience conducting EAM software evaluation for other organizations) and recommend a short list of approximately three software solutions that could meet NMWD's Key Requirements.
- Develop a Software Demo Script and facilitate software demos with short listed vendors.
- Provide support to assist NMWD with their Final Decision.
- Optionally, provide software contract review services to be determined by NMWD.

SoftResources Background

SoftResources is an unbiased software evaluation consulting firm that began in 1993 at KPMG where a group of consultants formed a software selection practice. In 1995, after reorganizations at KPMG, we split off and formed SoftResources. Over the past 22 years, we have completed more than 200 software evaluation and selection projects with over 125 government organizations such as City of Santa Rosa Water, Placer County Water Agency, City of Belmont, City of Mercer Island, City of Costa Mesa, Woodinville Water District, and many others. We do not take compensation from software vendors in order to remain completely unbiased in our recommendations.

Approach and Methodology

SoftResources recommends the following approach for NMWD's project. It is organized by phase along with associated tasks and deliverables and an estimated timeline. Some common tasks within different phases may be performed concurrently. Upon further discussion and insight about this project, NMWD and SoftResources may agree upon changes to this Work Plan.
Phase 1 – Requirements Analysis

SoftResources will kick off the project, conduct requirements interviews and define the Key Requirements unique to NMWD as follows:

- 1. **Project Kickoff.** Conduct a one to two hour conference call with NMWD's key stakeholders to set expectations for the project, schedule, resources, collect contact information, and kick off the project. SoftResources will manage the project through successful completion.
- 2. Pre-Interview Preparation. Work with NMWD to set up and prepare for Requirements Interviews as follows:
 - a. <u>Schedule Interviews.</u> Work with NMWD to determine attendees and provide a suggested Interview Schedule. NMWD will finalize and send to all attendees. We have planned for one day of Requirements Interviews on-site in Novato, California.
 - b. <u>Interview Memo.</u> Provide an Interview Memo for NMWD to send to attendees in advance of the Requirements Interviews. The Memo provides information about interview sessions and offers ideas to assist participants to prepare for the workshop sessions.
 - c. <u>NMWD Documentation Review.</u> Become familiar with NMWD's current EAM environment through a high level review of existing documentation provided by NMWD. This documentation may include any or all of the following: system analysis, organization charts, strategic plans, software functional/technical requirements documents, etc.
- 3. Requirements Interviews. Send the SoftResources Core Team (two consultants) to conduct one day of Requirements Interviews on-site in Novato according to the Interview Schedule. SoftResources will use interactive style interviewing to engage attendees to gather the functional and technical requirements, discuss user needs and vision, review business processes, and analyze current system environment.
- 4. Key Requirements Definition. Using the interview notes, review of NMWD documentation and our experience; develop the Key Requirements document (2-4 pages in table format) unique to NMWD. The key functional and technical requirements will be prioritized and will be used to differentiate the software options. The Key Requirements document will be delivered via email and discussed via conference phone with NMWD. SoftResources will edit the Key Requirements with NMWD's feedback and return for NMWD's final approval.

Deliverables – Phase 1

- Interview Schedule
- Interview Memo
- Key Requirements Document (100 250 key requirements)

Timeline Estimate: 3-4 weeks

Phase 2 – Vendor Analysis

SoftResources will develop a list of 6-8 potential EAM solutions that could be a fit for NMWD and conduct analysis as follows:



- 1. Vendor List. Using NMWD's Key Requirements, our experience working with similar clients and additional research, prepare an EAM Vendor List (limited to 6-8 vendors per NMWD's request) that may be a fit for NMWD. NMWD will review and approve the vendor list.
- 2. Short List Recommendation. Starting with the approved Vendor List, conduct research with the EAM vendors and recommend a Short List of approximately three solutions. This focused vendor research includes detailed phone calls with technical staff for each vendor to gain insight on how they will handle NMWD's Key Requirements.
- **3.** Short List Vendor Comparison Chart. Prepare the Short List Vendor Comparison Chart that provides a side by side comparison of the approximately three recommended vendors as compared to NMWD's Key Requirements. Pricing analysis and additional data gathered through discussions with the vendors is included along with vendor contact and company information.
- **4. Short List Presentation.** Prepare an executive-level PowerPoint Presentation that provides an overview of the project, an executive summary of approximately three recommended vendors based on vendor analysis completed. Present the Short List Presentation via conference phone and answer questions NMWD may have. Please note that NMWD will make the determination of the final vendors to be short listed.

Deliverables – Phase 2

- Short List Vendor Comparison Chart (including pricing)
- Short List Presentation

Timeline Estimate: 5-6 weeks

Phase 3 – Software Demos

SoftResources will assist NMWD with software demos as follows:

- 1. Demo Script and Demo Letter. Develop a Software Demo Script using the information gathered during the initial requirements interviews and vendor research. The Demo Script contains more detailed information of NMWD's requirements and is an evaluation tool used to compare the short listed software vendors on an equal basis during the demo process. Customize SoftResources' Request for Demo Letter template with information specific to NMWD. The Letter will notify the short listed vendors and provide logistical information for the demos.
- 2. Pre-Demo Meetings and Demo Prep. NMWD will issue the Demo Script and Request for Demo Letter to the short listed vendors. SoftResources will assist NMWD to conduct Pre-Demo Meetings with each Short List Vendor via teleconference to enable vendors to ask questions of NMWD in preparation for the Demos. SoftResources recommends that NMWD allow the software vendors two to four weeks to organize resources and to prepare for the demos.
- **3.** Demo Facilitation. Provide on-site facilitation at NMWD offices for all software demos to ensure vendors stay on task, keep the demos moving, make sure questions and issues are handled, and follow up with the vendors.
- 4. Demo Wrap Up Meeting. Conduct a Demo Wrap Up Meeting the day following the last Demo with NMWD demo attendees and decision makers to discuss the results of the demos, provide input, and discuss next steps in the evaluation process.

Deliverables – Phase 3

- Software Demo Script
- **Request for Demo Letter**
- Demo Feedback

Timeline Estimate: 3-4 weeks (plus 2-4 week estimate for vendors to prepare)

Phase 4 – Final Decision



Ideally, NMWD will have identified two finalist vendors to perform due diligence with and make the final decision.

1. Final Decision. SoftResources will assist NMWD through the Final Decision process including:

- a. Due Diligence Support. Provide tools and templates, assist through the review of data collected throughout the vendor evaluation process, and advise NMWD through due diligence.
- b. Vendor Management. Continue to manage vendor communications and questions, do follow up work, and act as a liaison with the vendors.
- c. <u>Due Diligence Demos.</u> Coach NMWD through the process of Due Diligence Demos as needed. These demos are typically structured to review select functional and technical topics requiring additional presentation to NMWD staff. Due Diligence Demos are usually handled through webdemos. (SoftResources' participation with Due Diligence Demos will be billed on a Time and Materials basis.)
- d. Vendor Reference Checks. Advise NMWD through the Vendor Reference Checks. Provide our Reference Check template that includes directions and sample questions that may be included in the reference meetings. Vendor References are important to the decision process as they allow NMWD to meet with other organizations that have implemented the software being considered. (SoftResources' participation with vendor references will be billed on a Time and Materials basis.)
- e. Final Decision Meeting. Work with NMWD to prepare for and participate in the Final Decision Meeting via conference phone. Discuss information aggregated to date about the finalist vendors and facilitate discussion to support NMWD to make the final decision. NMWD will make the final decision as they have the best understanding of their needs.

Deliverables – Phase 4

- **Reference Review Templates**
- **Final Decision Tools and Templates**

Timeline Estimate: 3-4 weeks

(Optional) Phase 5 – Contract Review



Optionally, SoftResources will act in an advisory role to assist NMWD through the Contract Review process. We review the business issues in the contract including some terms and conditions and discounts to help protect NMWD's interests. Note that SoftResources is not a law firm and the contract will need final legal review. However, we frequently work with our client's legal counsel and offer valuable insight into software-specific contracts.

Depending on the software selected, NMWD may have three contracts 1) Software License, 2) Software Maintenance, and 3) Implementation Services. If a hosted or Cloud vendor is selected, a Service Level Agreement (SLA) will be negotiated. We strongly recommend that the Statement of Work be agreed upon prior to signing the software contracts. SoftResources may perform the following tasks:

1. Contract Business Review

Conduct a business review of the selected vendor's software license, maintenance, and implementation services contracts or SLA and identify pricing issues, contract clauses and protections. Prepare a written Software Contract Review document of key issues that should be discussed during the negotiation process and discuss with NMWD in a 2-4 hour teleconference.

2. Statement of Work (SOW) Business Review

Conduct a business review the Vendor SOW and deliverables proposed for the implementation and suggest areas that may need further discussion and areas that may need to be negotiated. Provide written recommendations and discuss with NMWD in a 2-4 hour conference call. SoftResources recommends that NMWD negotiate the SOW prior to signing the software contract.

Deliverables – Phase 5

- Software Contract Comments
- SOW Recommendations

Timeline Estimate: 2-4 weeks from Final Decision

NMWD Participation and Responsibilities

In order to successfully complete the engagement it is expected that NMWD will:

- 1. Put together a project team and coordinate the project team roles and responsibilities.
- 2. Review and approve the Key Requirements.
- 3. Review and approve the EAM vendor Long List.
- 4. Review and approve the recommended software vendor Short List.
- 5. Finalize and issue the Demo Script including any business case scenarios before sending to vendors.
- 6. Attend software demos.
- 7. Conduct Final Decision activities and make the final decision.
- 8. Conduct contract negotiations with the final selected vendor.
- 9. Be responsible for all tasks not assigned to SoftResources

Scope Control

If there are services performed at NMWD's request, which are outside of those listed in the Approach and Methodology section of this letter, an amendment to this engagement letter or a new letter of understanding will be drafted for approval by NMWD before the services are performed.

Fees and Billing

SoftResources has provided the following fixed fee proposal. SoftResources' hourly rate is \$175/hour. Our fees and expenses will be billed on a monthly basis based on percent complete of fixed fees or time and materials work completed in the month. Payments are due net 30 days of invoice date.

Phase	Task	Fixed Fees
1	Requirements Analysis	\$9,800
2	Vendor Analysis	12,950
3	Scripted Demos – Demo Script and Preparation	5,250
3	Scripted Demos – Demo Facilitation	6,125
4	Final Decision	4 ,200
	Total Fixed Fees for Phases 1-4	\$38,325
5	Optional – Contract Review	Time and Materials (Range \$8,000-\$12,000)

Expenses for travel such as airfare, car rental, hotel, parking, per diem (GSA rate), are billed for reimbursement as incurred. Expenses are in addition to the fee quotes above.

Termination and Deferral

If the client decides to defer or terminate the contract, SoftResources will cease work on the project and bill for services performed on a pro rata basis up to the point of termination/deferral.

Confirmation

For your convenience in confirming this arrangement we have enclosed an acceptance page for your signature. Please sign and email a PDF to <u>sarnesen@softresources.com</u>.

Spencer Arnesen, CPA, Principal SoftResources LLC



Proposal Acceptance Notification

- To: Spencer Arnesen SoftResources LLC Via Email: <u>sarnesen@softresources.com</u>
- From: Rocky Vogler, Chief Engineer North Marin Water District

The SoftResources Engagement Letter dated August 8, 2017 is accepted. SoftResources will work with NMWD to schedule the project start date.

SoftResources' tax ID# is: 91-1700358

Company	North Marin Water District	SoftResources LLC
Signature		
Printed Name		
Title		
Date		



AGREEMENT FOR CONSULTING SERVICES

The following is an agreement between **North Marin Water District**, hereinafter "**NMWD**", and **SoftResources**, hereinafter, "**Consultant**".

WHEREAS, Consultant is a duly qualified consulting firm, experienced in assisting in selection of appropriate software for agencies.

WHEREAS, in the judgment of the Board of Directors of the NMWD, it is necessary and desirable to employ the services of the Consultant for evaluating Enterprise Asset Management software for NMWD.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

PART A -- SPECIFIC PROVISIONS:

1. DESCRIPTION OF SERVICES AND PAYMENT: Except as modified in this agreement, the services to be provided and the payment schedule are:

- a. The scope of work and fee amount covered by this agreement shall be that specified in the Consultant's proposal dated August 8, 2017 and included in Attachment A of this agreement.
- b. The fee for the work shall be on a time and expense (T & E) basis utilizing the fee schedule included in Attachment A of this agreement and shall not exceed \$42,600 without prior written authorization by NMWD.

PART B -- GENERAL PROVISIONS

1. **ASSIGNMENT/DELEGATION:** Except as above, neither party hereto shall assign, sublet or transfer any interest in or duty under this agreement without written consent of the other, and no assignment shall be of any force or effect whatsoever unless and until the other party shall have so consented.

2. STATUS OF CONSULTANT: The parties intend that the Consultant, in performing the services hereinafter specified, shall act as an independent contractor and shall have the control of the work and the manner in which it is performed. The Consultant is not to be considered an agent or employee of NMWD, and is not entitled to participate in any pension plan, insurance, bonus or similar benefits NMWD provides its employees.

3. INDEMNIFICATION: NMWD is relying on the professional ability and training of the Consultant as a material inducement to enter into this agreement. The Consultant hereby warrants that all its work will be performed in accordance with generally accepted professional practices and standards, as well as the requirements of applicable federal, state and local laws, it being understood that neither acceptance of the Consultant's work by NMWD nor Consultant's failure to perform shall operate as a waiver or release.

a. With respect to professional services under this agreement, Consultant shall assume the defense of and defend NMWD, its directors, officers, agents, and employees in

any action at law or in equity in which liability is claimed or alleged to arise out of, pertain to, or relate to, either directly or indirectly, the intentional or willful misconduct, recklessness, or negligent act, error, or omission of Consultant (or any person or organization for whom Consultant is legally liable) in the performance of the activities necessary to perform the services for District and complete the task provided for herein. In addition, Consultant shall indemnify, hold harmless, and release NMWD, its directors, officers, agents, and employees from and against any and all actions, claims, damages, disabilities or expenses, including attorney's fees and witness costs, that may be asserted by any person or entity including the Consultant, arising out of, pertaining to, or relating to, the negligent acts, errors or omissions, recklessness, or intentional or willful misconduct of the Consultant (or any consultant or subcontractor of Consultant) in connection with the activities necessary to perform the services and complete the task provided for herein, but excluding liabilities due to the sole negligence or willful misconduct of NMWD.

b. With respect to all other than professional services under this agreement, Consultant shall indemnify, hold harmless, release and defend NMWD, its agents and employees from and against any and all actions, claims, damages, disabilities or expenses, including attorney's fees and witness costs that may be asserted by any person or entity, including the Consultant, arising out of or in connection with the activities necessary to perform those services and complete the tasks provided for herein, but excluding liabilities due to the sole negligence or willful misconduct of NMWD.

This indemnification is not limited in any way by any limitation on the amount or type of damages or compensation payable by or for the NMWD or its agents under workers' compensation acts, disability benefit acts or other employee benefit acts.

4. **PROSECUTION OF WORK:** The execution of this agreement shall constitute the Consultant's authority to proceed immediately with the performance of this contract. Performance of the services hereunder shall be completed by June 30, 2018, provided, however, that if the performance is delayed by earthquake, flood, high water or other Act of God or by strike, lockout or similar labor disturbance, the time for the Consultant's performance of this contract shall be extended by a number of days equal to the number of days the Consultant has been delayed.

5. METHOD AND PLACE OF GIVING NOTICE, SUBMITTING BILLS AND MAKING PAYMENTS: All notices, bills and payment shall be made in writing and may be given by personal delivery or by mail. Notices, bills and payments sent by mail should be addressed as follows:

> North Marin Water District P.O. Box 146 Novato, CA 94948 Attention: Rocky Vogler

Consultant: SoftResources 11411 NE 124th St., Suite 270 Kirkland, WA 98034 Attention: Spencer Arnesen

and when so addressed, shall be deemed given upon deposit in the United States Mail, postage prepaid. In all other instances, notices, bills and payments shall be deemed given at the time of

actual delivery. Changes may be made in the names and addresses of the person to whom notices, bills and payments are to be given by giving notice pursuant to this paragraph.

6. MERGER: This writing is intended both as the final expression of the agreement between the parties hereto with respect to the included terms of the agreement, pursuant to California Code of Civil Procedure Section 1856 and as a complete and exclusive statement of the terms of the agreement. No modification of this agreement shall be effective unless and until such modification is evidenced by a writing signed by both parties.

7. SEVERABILITY: Each provision of this agreement is intended to be severable. If any term of any provision shall be determined by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such provision shall be severed from this agreement and shall not affect the validity of the remainder of the agreement.

8. **TERMINATION:** At any time and without cause the NMWD shall have the right in its sole discretion, to terminate this agreement by giving written notice to the Consultant. In the event of such termination, NMWD shall pay the Consultant for services rendered to such date.

9. TRANSFER OF RIGHTS/OWNERSHIP OF DATA: The Consultant assigns to NMWD all rights throughout the work in perpetuity in the nature of copyright, trademark, patent, and right to ideas, in and to all versions of any plans and specifications, reports and document now or later prepared by the Consultant in connection with this contract.

The Consultant agrees to take such actions as are necessary to protect the rights assigned to NMWD in this agreement, and to refrain from taking any action which would impair those rights. The Consultant's responsibilities under this contract will include, but not be limited to, placing proper notice of copyright on all versions of any plans and specifications, reports and documents as NMWD may direct, and refraining from disclosing any versions of the reports and documents to any third party without first obtaining written permission of NMWD. The Consultant will not use, or permit another to use, any plans and specifications, reports and document in connection with this or any other project without first obtaining written permission of NMWD.

All materials resulting from the efforts of NMWD and/or the Consultant in connection with this project, including documents, reports, calculations, maps, photographs, computer programs, computer printouts, digital data, notes and any other pertinent data are the exclusive property of NMWD. Re-use of these materials by the Consultant in any manner other than in conjunction with activities authorized by NMWD is prohibited without written permission of NMWD.

Consultant shall deliver requested materials to NMWD in electronic format including but not limited to engineering calculations, plans (AutoCad, current edition) and specifications (MS Word, current edition).

10. COST DISCLOSURE: In accordance with Government Code Section 7550, the Consultant agrees to state in a separate portion of any report provided NMWD, the numbers and amounts of all contracts and subcontractors relating to the preparation of the report.

11. NONDISCRIMINATION: The Consultant shall comply with all applicable federal, state and local laws, rules and regulations in regard to nondiscrimination in employment because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition or physical handicap.

12. EXTRA (CHANGED) WORK: Extra work may be required. The Consultant shall not proceed nor be entitled to reimbursement for extra work unless it has been authorized, in writing, in advance, by NMWD. The Consultant shall inform the District as soon as it determines work beyond the scope of this agreement may be necessary and/or that the work under this agreement cannot be completed for the amount specified in this agreement. Said review shall occur before consultant incurs 75% of the total fee approved for any phase of the work. Failure to notify the District shall constitute waiver of the Consultant's right to reimbursement.

13. CONFLICT OF INTEREST: The Consultant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its services hereunder. The Consultant further covenants that in the performance of this contract no person having any such interest shall be employed.

14. INSURANCE REQUIREMENTS FOR CONSULTANTS

Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, his agents, representatives, employees or subcontractors.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

- 1. Commercial General Liability coverage
- 2. Automobile Liability
- 3. Workers' Compensation insurance as required by the State of California.
- 4. Professional Liability insurance appropriate to the consultant's profession. Architects' and engineers' coverage is to be endorsed to include contractual liability.

Minimum Limits of Insurance

Consultant shall maintain limits no less than:

- General Liability (including operations, products and completed operations.): \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
- 2. Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
- 3. Workers' Compensation Insurance: as required by the State of California.
- 4. Professional Liability, \$1,000,000 per occurrence.

Verification of Coverage

Consultant shall furnish the District with original certificates and amendatory endorsements effecting coverage required by this clause. <u>All certificates and endorsements are to be received and approved by the District before work commences</u>. The District reserves the right to require at any time complete and certified copies of all required insurance <u>policies</u>, including endorsements affecting the coverage required by these specifications.

Subcontractors

Consultant shall include all subcontractors as insureds under its policies or <u>shall furnish</u> <u>separate certificates and endorsements for each subcontractor to the District for review and</u> <u>approval</u>. All coverage for subcontractors shall be subject to all of the requirements stated herein.

Self-Insured Retentions

Any self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such self-insured retentions as respects the District, its officers, officials, employees and volunteers; or the Consultant shall provide a financial guarantee satisfactory to the District (such as a surety bond) guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

Other Insurance Provisions

The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

- 1. The District, its officers, officials, employees, and volunteers are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Consultant.
- 2. For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
- 3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the District.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

15. DISPUTE RESOLUTION: Any dispute or claim in law or equity between District and Consultant arising out of this agreement, if not resolved by informal negotiation between the parties, shall be mediated by referring it to the nearest office of Judicial Arbitration and Mediation Services, Inc. (JAMS) for mediation. Mediation shall consist of an informal, non-binding conference or conferences between the parties and the judge-mediator jointly, then in separate caucuses wherein the judge will seek to guide the parties to a resolution of the case. If the parties cannot agree to mutually acceptable member from the JAMS panel of retired judges, a list and resumes of available mediators numbering one more than there are parties will be sent to the parties, each of whom will strike one name leaving the remaining as the mediator. If more than one name remains, JAMS arbitrations administrator will choose a mediator from the remaining names. The mediation process shall continue until the case is resolved or until such time as the mediator makes a finding that there is no possibility of resolution.

At the sole election of the District, any dispute or claim in law or equity between District and Consultant arising out of this agreement which is not settled through mediation shall be decided by neutral binding arbitration and not by court action, except as provided by California law for judicial review of arbitration proceedings. The arbitration shall be conducted in accordance with the rules of Judicial Arbitration Mediation Services, Inc. (JAMS). The parties to an arbitration may agree in writing to use different rules and/or arbitrators. 16. BILLING AND DOCUMENTATION: The Consultant shall invoice NMWD for work performed on a monthly basis and shall include a summary of work for which payment is requested. The invoice shall state the authorized contract limit, the amount of invoice and total amount billed to date. The summary shall include time and hourly rate of each individual, a narrative description of work accomplished, and an estimate of work completed to date.

17. REASONABLE ASSURANCES: Each party to this agreement undertakes the obligation that the other's expectation of receiving due performance will not be impaired. When reasonable grounds for insecurity arise, with respect to performance of either party, the other may, in writing, demand adequate assurance of due performance and until the requesting party receives such assurance may, if commercially reasonable, suspend any performance for which the agreed return has not been received. "Commercially reasonable" includes not only the conduct of the party with respect to performance under this agreement but also conduct with respect to other agreements with parties to this agreement or others. After receipt of a justified demand, failure to provide within a reasonable time, not to exceed 30 days, such assurance of due performance as is adequate under the circumstances of the particular case is a repudiation of this agreement. Acceptance of any improper delivery, service, or payment does not prejudice the aggrieved party's right to demand adequate assurance of future performance.

18. PREVAILING WAGE REQUIREMENTS: Prevailing Wage Rates apply to all Consultant personnel performing work under the Agreement for which wage determinations have been made by the Director of Industrial Relations pursuant to California Labor Code Sections 1770–1782,. Consultant shall comply with all applicable prevailing wage labor code requirements

NORTH MARIN WATER DISTRICT "NMWD"

Dated:

Chris DeGabriele, General Manager

SOFTRESOURCES "CONSULTANT"

Dated: _____

Spencer Arnesen, Principal

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September 1, 2017

MEMORANDUM

To: Board of Directors

From: David L. Bentley, Auditor-Controller

Subj: Debt Management Policy thackword/policies/debt management policy cover memo il.docx

RECOMMENDED ACTION: Approve

FINANCIAL IMPACT: Imposition of Fiscal Discipline on Debt Issuance

At the August 3 meeting the Board reviewed a draft Debt Management Policy which Senate Bill 1029 (SB 1029), effective January 1, 2017, requires all local agencies to adopt prior to the issuance of new debt. The attached policy draft incorporates minor edits suggested by bond counsel (Jones Hall) and District legal counsel.

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

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

Recall that under Section D of the draft Debt Management Policy, policy goals, staff has included the following language, which is not required by SB 1029, but deemed appropriate for the District's policy:

It is a policy goal of the District to protect ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit rating, with a goal of at least AA, and thereby achieve the lowest practical borrowing costs....In addition, the District intends to maintain an average debt service coverage ratio of 150%.

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

DLB Memo re Debt Management Policy September 1, 2017 Page 2 of 3

The coverage ratio is calculated as:

Net Income + Interest Expense + Depreciation Annual Debt Service

Net Income is equal to gross revenue less operation and maintenance costs. Lenders typically require a minimum coverage ratio of 1.1. The chart below shows that the District has historically exceeded a 1.5 ratio. Prospectively, the FY18 through FY22 forecast below includes debt service for the \$27.5 million in planned projects, and incorporates the assumptions in the current 5-year financial plan, the most significant of which, for this discussion, are:

- 1) Annual 5% water rate increases, and;
- Water sales volume increases (from 2.3BG in FY17 increasing to a consistent volume of 2.7BG per year commencing in FY19).



Prior to adoption of the policy, the General Manager asked that the sensitivity of the proposed 1.5 coverage ratio goal to the forecast rate and volume increase assumptions be analyzed. For instance, what if the District enacted annual 4% increases, and/or what if an annual sales volume of 2.7 BG is not attained?

To provide reference on the sales volume projection, the chart below shows the actual and forecast sales volume for the same 10-year period shown above. Note that the FY18 (the current fiscal year) sales volume through August is up 12% over FY17, so thus far the District is on target to exceed the FY18 2.5 BG sales volume goal.

DLB Memo re Debt Management Policy September 1, 2017 Page 3 of 3



In testing the sensitivity of volume and rate increases, staff found that 4% annual increases would be adequate to maintain a 1.5 coverage ratio as long as sales volume remains above 2.2 BG annually. As shown on the chart below, if sales volume were to fall to 2.2 BG, a 5% rate increase would be required in FY19 to maintain the 1.5 coverage ratio goal.



Staff Recommendation

Approve the attached Debt Management Policy.

DRAFT

NORTH MARIN WATER DISTRICT

POLICY: DEBT MANAGEMENT BOARD POLICY NUMBER 47

Original Date: 2017

INTRODUCTION

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

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

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

POLICY STATEMENT

A. Purposes for Which Debt Proceeds May Be Used

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

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

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

B. Types of Debt That May Be Issued

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

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

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

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

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

The District Board may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt in conjunction with an amendment of this Debt Policy.

C. Relationship of Debt to Capital Improvement Program and Budget

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

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

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

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

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

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

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

It is a policy goal of the District to protect ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings, with a goal of at least AA, and thereby achieve the lowest practical borrowing costs.

The District shall maintain strict compliance with covenants regarding debt service coverage requirements embodied in the terms of debt instruments. In addition, the District intends to maintain an average debt service coverage ratio of 150%. This will support strong bond credit ratings and provide continued access to financing sources to fund capital improvements in the future.

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

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

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

E. Internal Control Procedures

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

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

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

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



MEMORANDUM

To: Board of Directors

September 1, 2017

From: David L. Bentley, Auditor-Controller

Subj: Response to Civil Grand Jury Report – The Budget Squeeze – How Will Marin Fund Its Public Employee Pensions? t:\ac\word\grand Jury\cover memo - response to june 2017 pension report.docx

RECOMMENDED ACTION: Approve Response

FINANCIAL IMPACT: None

In June the Marin County Civil Grand Jury released a report entitled: *The Budget* Squeeze – How Will Marin Fund Its Public Employee Pensions? (attached). The report includes ten findings and eight recommendations. The Civil Grand Jury has requested 48 Marin County Municipalities, School Districts and Special Districts to respond to selected recommendations. The District was requested to respond to 3 of the recommendations, and said response is attached for your review and approval.

The District contracted with CaIPERS in 1975 to provide a defined benefit pension plan for its retirees, and selected the 2% at age 60 formula (2% X years of service X final (or highest) year compensation). In 1994, the District enhanced the plan to the 2% at age 55 formula, and the plan was enhanced again in 2005 to the 2.5% at age 55 formula, where it stands today.

The District's unfunded liability that will be reported on its June 30, 2017 Consolidated Annual Financial Report, as calculated by its outside auditors, is \$11 million. This is a 28% increase over the prior fiscal year, due primarily to CalPERS continued inability to achieve its assumed 7.5% rate of return on investments. As shown on page 44 of the Civil Grand Jury report, the District's June 30, 2015 unfunded, or net pension liability, was the second highest of the 12 Utility Special Districts surveyed, which is appropriate as NMWD has the 2nd highest number of employees of the Utility Special Districts.

Fortunately, CalPERS earned an 11% return on its investments for the year ending June 30, 2017, so the District will hopefully see a reduction in its unfunded liability one year from now. Unfunded public agency pension liabilities are a national problem, and legislative action is required to bring these liabilities under control.

Recommendation:

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

September 6, 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 The Budget Squeeze – How Will Marin Fund Its Public Employee Pensions?

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 in *The Budget Squeeze – How Will Marin Fund Its Public Employee Pensions?* We bring to your attention one important correction that should be noted. The Report erroneously states on page 34 that NMWD participates in the Marin County Employees Retirement Association. In fact, NMWD participates in the California Public Employees Retirement Plan.

Following are the District's response to the three recommendations in the Report that NMWD was invited to respond to.

R3: Agencies should publish long-term budgets (i.e., covering at least five years), update them at least every other year and report what percent of total revenue they anticipate spending on pension contributions.

The North Marin Water District Adopted Budget includes a 5-Year Financial Forecast for each of its four enterprise funds. The adopted budgets are posted on the District's website. Future budgets can include the percent of total revenue projected to be expended on pension contributions. Note that over the past five years, as shown in the Report, NMWD's average pension contribution as a percent of revenue was 39%¹ less than the average of all public agencies included in the Report, and 20%¹ less than average of the Utility Districts included in the Report.

¹ The 39% and 20% factors are calculated after correcting for the transposition error on page 55 of the Report. NMWD's FY 2013 pension contribution was \$1,068,211, not \$1,608,211 as shown in the Report.

The Honorable Kelly Simmons & Mr. Jay Hamilton-Roth Marin County Civil Grand Jury September 6, 2017 Page 2 of 2

R4: Each agency should provide 10 years of audited financial statements and summary pension data for the same period (or links to them) on the financial page of its public website.

NMWD has 10 years of audited financial statements on its website. Each of the audited financial statements includes summary pension data in the financial statement notes.

R8: Public agencies and public employee unions should begin to explore how introduction of defined contribution programs can reduce unfunded liabilities for public pensions.

As stated on page 23 of the Report, "Absent legislative action, an agency that wanted to freeze its current DB plan and make all new employees eligible for a DC-only or hybrid plan would make an application to CalPERS. The CalPERS board would conclude that excluding employees from the existing DB plan on this basis was impermissible and declare the plan terminated, triggering the imposition of a fee five to seven times the amount of the NPL. For an agency that wishes to take better control of its financial position, this would be a counter-productive endeavor."

NMWD would support legislation providing for an optional deferred compensation-only or hybrid plan for all new employees. Absent such legislation, exploration of the introduction of a defined contribution program alternative to the existing defined benefit plan would not be productive.

Sincerely,

Drew McIntyre General Manager

C:

Dennis Rodoni, Supervisor, Marin County Board of Supervisors Judy Arnold, Supervisor, Marin County Board of Supervisors

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2016-2017 MARIN COUNTY CIVIL GRAND JURY

The Budget Squeeze How Will Marin Fund Its Public Employee Pensions?

Report Date: May 25, 2017 Public Release Date: June 5, 2017





The Budget Squeeze How Will Marin Fund Its Public Employee Pensions?

SUMMARY

Twenty years ago, the only people who cared about public employee pensions were public employees. Today, taxpayers are keenly aware of the financial burden they face as unfunded pension liabilities continue to escalate. The Grand Jury estimates that the unfunded liability for public agencies in Marin County is approximately \$1 billion.

In 2012, the state passed the California Public Employees' Pension Reform Act of 2013 (PEPRA), which reduced pension benefits for new employees hired after January 1, 2013. PEPRA was intended to produce a modest reduction in the growth rate of these obligations but it will take years to realize the full impact of PEPRA. In the meantime, pension obligations already accumulated are undiminished.

This report will explore several aspects of this issue:

It's Worse than You Thought – While a net pension liability of \$1 billion may be disturbing, the true economic measure of the obligation is significantly greater than this estimate.

The Thing That Ate My Budget – The annual expense of funding pensions for current and future retirees has risen sharply over the past decade and this trend will continue; for many agencies, it is likely to accelerate over the next five years. This will lead to budgetary squeezes. While virtually every public agency in Marin has unfunded pension obligations, some appear to have adequate resources to meet them, while many do not. We will look at what agencies are currently doing to address the issues and what additional steps they should take.

The Exit Doors are Locked – Although there are no easy solutions, one way to reduce and eliminate unfunded pension liabilities in future years would be transitioning from the current system of *defined benefit pension* plans to *defined contribution pension* plans, similar to a 401(k). However, this approach is largely precluded by existing statutes and made impractical by the imposition of termination fees by the pension funds that manage public agency retirement assets.

The Grand Jury's aim is to offer some clarity to a complex issue and to encourage public agencies to provide greater transparency to their constituents.

BACKGROUND

Defined benefit pension plans are a significant component of public employee compensation. These plans provide the employee with a predictable future income stream in retirement that is protected by California Law.¹ However, the promise made by an employer today creates a liability that the employer cannot ignore until the future payments are due. The employer must contribute and invest funds today so that future obligations can be met when its employees retire. Failing to set aside adequate funds or investing in underperforming assets results in a funding gap often referred to as an unfunded pension liability. In order to be consistent with Governmental Accounting Standards Board's (GASB) terminology, this paper will refer to the funding gap as the Net Pension Liability (NPL).

Actuaries utilize complicated financial models to estimate the *Total Pension Liability*, the present value of the liabilities resulting from pension plan obligations. Pension plan administrators employ sophisticated asset management strategies in an effort to meet targeted returns required to fund future obligations. Nevertheless, the logic behind pension math can be summed up in a simple equation: Total Pension Liability (TPL) - Market Value of Assets (MVA) = The Net Pension Liability (NPL). The NPL represents the funding gap between the future obligations and the funds available to meet those obligations. Conceptually, it is an attempt to answer the question: "How much would it be necessary to contribute to the plan today in order to satisfy all existing pension obligations?"

California is in the midst of an active public discussion about funding the retirement benefits owed to public employees. These retirement benefits have accumulated over decades and are now coming due as an aging workforce feeds a growing wave of retirements. The resulting financial demands will place stress on the budgets of public agencies and likely lead to reduced services, increased taxes or both.

The roots of the current crisis in California stretch back to the late 1990's, when the California Public Employees Retirement System (CalPERS) held assets well in excess of its future pension obligations. The legislature approved and Governor Davis signed SB 400, which provided a retroactive increase in retirement benefits and retirement eligibility at earlier ages for many state employees. These enhancements were not expected to impose any cost on taxpayers because of the surplus assets held by the retirement fund. However, the value of those assets fell sharply as a consequence of the bursting of the dotcom bubble in the early 2000s and the Great Recession starting in 2008. (CalPERS suffered a 24% decline in the value of its holdings in 2009 alone.²) Where there had been surplus assets, the state now has large unfunded liabilities.

The following graph illustrates the problem. If you had invested \$1,000 in 1999, when the decision to enhance retirement benefits was made, and received a return of 7.50% annually - a

 ¹ "California Public Employee Retirement Law (PERL) January 1, 2016." CalPERS.
² Dolan, Jack. "The Pension Gap." LATimes.com. 18 Sept. 2016.

commonly used assumption of California's pension fund administrators — your investment would have grown to about \$3,500 by the end of 2016. By contrast, had you received the returns of the S&P 500 over that same period, you would have only about \$1,500, less than half of what had been assumed.



Last year, Moody's Investors Service reported that the unfunded pension liabilities of federal, state and local governments totaled \$7 trillion.³ Closer to home, the California Pension Tracker, published by the Stanford Institute for Economic Policy Research, places the state's aggregate unfunded pension liability at just under \$1 trillion.⁴

Marin has not been exempt. Recent published estimates put the NPL for public agencies in Marin at about \$1 billion. This is confirmed by our research.

The vast majority of employees of public agencies in Marin are covered by a pension plan. Three agencies administer these plans:

- California Public Employees Retirement System (CalPERS), a pension fund with \$300 billion in assets that covers employees of many public agencies, excluding teachers.
- California State Teachers Retirement System (CalSTRS), a pension fund with \$200 billion in assets that covers teachers.
- Marin County Employees' Retirement Agency (MCERA), a pension fund with \$2 billion in assets that provides services to a number of Marin public agencies, the largest being the County of Marin and the City of San Rafael.

³ Kilroy, Meaghan, "Moody's: U.S. Pension Liabilities Moderate in Relation to Social Security, Medicare." *Pension & Investments.* 6 April 2016.

⁴ Nation, Joe. "<u>Pension Tracker</u>." Stanford Institute for Economic Policy Research. Accessed 5 March 2017.

The Grand Jury chose to address public employee pensions not because it is a new problem, but because it is so large that it is likely to have a material future impact on Marin's taxpayers, its public agencies and their employees.

METHODOLOGY

The Grand Jury chose to review and analyze the audited financial statements of the 46 agencies included in this report for the fiscal years (FY) 2012-2016 (see Appendix B, Methodology Detail). We captured a snapshot of the current financial picture as well as changes over this five-year period. In addition to reviewing net pension liabilities and yearly contributions of each agency, we collected key financial data from their balance sheets and income statements. We present all of this data both individually and in aggregate in the appendices.

The agencies were organized into three main types: municipalities, school districts and special districts. The special districts were further separated into safety (fire and police) and all other, which includes sanitary and water districts and the Marin/Sonoma Mosquito and Vector Control District. Evaluating the agencies in this way provided insight into which types of agencies were most impacted by pensions. Comparing agencies within those designations provided further clarity on which agencies may need to take specific action sooner rather than later. The school districts, which have some unique characteristics, require a separate discussion.

Financial Data and Standards

The Grand Jury analyzed data from the Comprehensive Annual Financial Reports (CAFR), Audited Financial Reports and actuarial reports from the pension fund administrators.

The Grand Jury analyzed the annual reports for each agency for the five fiscal years 2012 through 2016. A listing of the financial reports upon which the Grand Jury relied is presented in Appendix A, Public Sector Agencies.

Additional scrutiny was paid to the fiscal years 2015 and 2016 due to reporting changes required by the Governmental Accounting Standards Board (GASB),⁵ described in detail later in this report. For further information, see Appendix C.

The Grand Jury interviewed staff and management from selected public agencies and selected pension fund administrators.

The Grand Jury reviewed current law related to pensions.

Our investigation was to determine only the pension obligations of each agency. The Grand Jury

⁵ "GASB 68." Governmental Accounting Standards Board.

did not attempt to analyze the details of individual pension plans for any of the public agencies. The Grand Jury did not analyze the mix of pension fund investments; the investments for each public agency are managed by the appropriate pension fund according to standards and objectives established by that fund as contracted by their customers.

The Grand Jury did not investigate other employee benefits such as deferred compensation or inducements to early retirement.

Financial Data Consistency

The following agencies did NOT publish audited financial reports for FY 2016 in time for the Grand Jury to include those financial data in this report:

- City of Larkspur
- Town of Fairfax
- Central Marin Police Authority

The lack of a complete set of financial data for the fiscal years under investigation is reflected in this report in the following ways:

The financial tables below include an asterisk (*) next to the name of agencies for which financial data is missing. Table cells with data which is *Not Available* are marked as **N**/**A**.

Summary financial data totals do not include data for missing agencies for FY 2016. Percentages presented are calculated only with available data.

One agency, the Central Marin Police Authority (CMPA), presents other complications. The predecessor agency of CMPA, the Twin Cities Police Authority (TCPA), was a Joint Powers Authority of the City of Larkspur and the Town of Corte Madera. Subsequent to the publication of the TCPA FY 2012 audit report, a new Joint Powers Authority was created consisting of the former TCPA members plus the Town of San Anselmo. Thus, a strict comparison of financial condition over the full five year term of this report is not possible. The FY 2012 audit report for TCPA is included in the CMPA statistics as the predecessor agency.

DISCUSSION

It's Even Worse than You Thought

The Governmental Accounting Standards Board (GASB) establishes accounting rules that public agencies must follow when presenting their financial results. The recent implementation of GASB Statement 68 requires public agencies to report NPL as a liability on the balance sheet in their audited financial statements beginning with the fiscal year ended June 30, 2015.⁶ Prior to this accounting rule change, agencies only reported required yearly contributions to pension plans on the income statement, but NPL was not reflected on the balance sheet. The new method of reporting has provided greater transparency into the future impact of pension promises on current agency financials.

The addition of NPL as a liability on the balance sheet of government agencies has resulted in dramatic reductions to most agencies' *net positions*. The net position (assets minus liabilities, which is referred to as net worth in the private sector) is one metric used to evaluate the financial health of an organization. In the private sector, when net worth is negative, a company is considered insolvent, which is a signal to the investment community of potential financial distress. During the course of our research, the Grand Jury discovered many agencies that now have negative net positions following the addition of NPL to their balance sheets. We will discuss the possible implications of this new reality in the section entitled *The Thing That Ate My Budget*.

The calculation of the NPL involves complex actuarial modeling including many variables. Specific to each agency are the number of retirees, the number of employees, their compensation, their age and length of service, and expected retirement dates. Also included in the evaluation are general economic and demographic data such as prevailing interest rates, life expectancy and inflation. Actuaries base their assumptions on statistical models. But these assumptions can change over time as economic or demographic conditions change, which make regular updates to actuarial calculations essential. The total of all present and future obligations is calculated based on these assumptions. A discount rate is then applied to calculate the present value of the obligations and account for the time value of money.⁷ This calculation yields the Total Pension Liability (TPL). Put simply, the total pension liability is the total value of the pension benefits contractually due to employees by employers.

Agencies are required to make annual contributions to the pension plan administrator. A portion of the yearly contributions is used to make payments to current retirees and a portion is invested into a diversified portfolio of stocks, bonds, real estate and other investments. The investments are accounted for at market value (i.e. the current market price rather than book value or acquisition price.) In the calculation of NPL, the value of this investment portfolio is referred to

⁶ "GASB 68." Governmental Accounting Standards Board

⁷ See Appendix C

as Market Value of Assets (MVA). Consequently the NPL = TPL - MVA. The net pension liability is simply the difference between how much an entity should be saving to cover its future pension obligations and how much it has actually saved.

Although the NPL calculation depends on many variables, it is extremely sensitive to changes in the discount rate, the rate used to calculate the present value of future retiree obligations.⁸ The discount rate has an inverse relationship to the net pension liability (i.e. the higher the discount rate, the lower the NPL). GASB requires pension plan administrators to use a discount rate that reflects either the long-term expected returns on their investment portfolios or a tax-exempt municipal bond rate.⁹ It is common practice for government pension administrators to choose the higher discount rate produces a lower NPL, which requires lower contributions from agencies today with the expectation that investment returns will provide the balance. While a portfolio mix that contains stocks and other alternative assets might produce a higher expected return, these portfolios are inherently more risky and will experience significantly more volatility, potentially leading to underfunding of the pension plans.

Until recently, the three pension administrators (CalPERS, CalSTRS and MCERA) that manage the assets on behalf of all of Marin's current employees and retirees used discount rates between 7.50% and 7.60%. Prolonged weak performance in financial markets has resulted in the long-term historical returns of pension funds falling below the discount rate. For example, CalPERS 20-year returns dropped to 7.00% following a few years of very poor investment performance, falling under the 7.50% discount rate.¹⁰ In response, CalPERS announced in December 2016 that it would cut its discount rate to 7.00% over the course of the next three years.¹¹ CalSTRS will cut its rate first to 7.25% and then to 7.00% by 2018.¹² In early 2015, MCERA cut its discount rate from 7.50% to 7.25%. As noted before, a lower discount rate results in a higher NPL. A higher NPL leads to increasing yearly contributions. So you see, it's worse than you thought. But keep reading, because it may be even worse than that.

Discount rates may yet be too high even at the new, lower 7.00-7.25% range.

At this point, it is helpful to provide some historical context. The risk-free rate,¹³ typically the US 10-Year Treasury note, yielded 2.37% as this report is written. (Real-time rates are available on Bloomberg.com.¹⁴) US Treasury securities are considered risk free because the probability of

⁸ "Measuring Pension Obligations." American Academy of Actuaries Issue Brief. November 2013, pg 1

⁹ "GASB 68." Government Accounting Standards Board

¹⁰ Gittelsohn, John. "CalPERS Earns 0.6% as Long-Term Returns Trail Fund's Target." Bloomberg.com. 18 July 2016.

¹¹ Pacheco, Brad and Davis, Wayne and White, Megan. "<u>CalPERS to Lower Discount Rate to Seven Percent Over the Next Three</u> Years." CalPERS.ca.gov. 21 Dec. 2016.

¹² Myers, John. "<u>California Teacher Pension Fund Lowers its Investment Predictions, Sending a Bigger Invoice to State</u> Lawmakers." *LA Times.com.* 1 Feb. 2017.

¹³ "<u>Risk Free Rate of Return</u>." Investopedia.com

^{14 &}quot;Treasury Yields." Bloomberg.com

default by the US government is considered to be zero. Investment returns in the range of 7.00% - 8.00% were attainable with little volatility in the past because the risk-free rate was much higher. Between 1990 and 2016, risk-free rates have declined substantially, by around six percentage points.¹⁵ Discount rates in public sector pension plans have not declined proportionally. The following chart illustrates how the public sector has failed to reduce its assumed rates of return in response to the decline in risk-free rates.



From: "The Pension Simulation Project: How Public Plan Investment Risk Affects Funding and Contribution Risk." *Rockefeller Institute.* Accessed on 23 March 17. pg.3.

In the aftermath of the 2008 financial crisis, central banks around the world engaged in the artificial support of lower interest rates through *quantitative easing* to boost global growth.¹⁶ Record-low interest rates followed, with interest rates on some sovereign debt even falling into negative territory. While easy monetary policy aided in spurring global growth, the prolonged period of low interest rates and weak investment returns has contributed to the dramatic underfunding of pension plans around the world.

¹⁵ Boyd, Donald J. and Yin, Yimeng. "How Public Pension Plan Investment Risk Affects Funding and Contribution Risk." The Rockefeller Institute of Government State University of New York. Jan. 2017.

¹⁶ Martin, Timothy W. and Kantchev, Georgi and Narioka, Kosaku. "<u>Era of Low Interest Rates Hammers Millions of Pensions</u> <u>Around World</u>." *WSJ.com* 13 Nov. 2016.

Pension plans in the private sector have lowered their discount rates in tandem with declining yields in the bond market. The Financial Accounting Standards Board (FASB) is the accounting rule-maker for for-profit corporations. FASB takes the view that, because there is a contractual requirement for the plan to make pension payments, the rate used to discount them should be comparable to the rate on a similar obligation. FASB Statement 87 says, "…employers may also look to rates of return on high-quality fixed-income investments in determining assumed discount rates."¹⁷ The effect is that pension obligations in the private sector are valued using a much lower discount rate than those used in the public sector. We looked at the ten largest pension funds of US corporations. Based on their 2015 annual reports, the average discount rate on pension assets was 4.30%.¹⁸

A significant body of research written by economists, actuaries and policy analysts has been devoted to the topic of whether discount rates used in public sector pensions are too high. Some suggest that the FASB approach is more appropriate, others believe the risk-free rate should be used, while still others contend that the current approach is perfectly reasonable. The Grand Jury cannot opine on which is the best and most accurate approach. Our research can only illuminate the financial impact of lower discount rates on Marin County agencies.

An additional reporting requirement of GASB 68 is the calculation of the NPL using a discount rate one percentage point higher and one percentage point lower than the current discount rate in order to show the sensitivity of the NPL to this assumption. The current financial statements reflect the following rates, which, due to the recent discount rate reductions noted above, are already outdated:

Pension Fund	Discount Rate	+ 1 Percentage Point	-1 Percentage Point
CalPERS	7.50%	8.50%	6.50%
CalSTRS	7.60%	8.60%	6.60%
MCERA	7.25%	8.25%	6.25%

Because of this new disclosure requirement, the Grand Jury compiled the NPLs of the agencies at a discount rate range of between 6.25% - 6.60%. The individual results are presented in Appendix E; the total amount for the Marin agencies included in this report is \$1.659 billion.

In this discussion, we have focused on the risk of lower rates of return, but there is a possibility that investment returns could exceed the discount rates assumed by the pension administrators.

¹⁷ "Statement of Financial Accounting Standards No. 87, Employers' Accounting for Pensions" Financial Accounting Standards Board, paragraph 44.

¹⁸ See Appendix F

However, this possibility appears to be unlikely in that it would constitute a dramatic reversal of a decades-long trend. (See graph on page 7.) If that occurred, the effect would be lower NPLs and lower required contributions by employers. Regardless of investment returns, employers would still be required to make some contributions.

While the discussion of growing NPLs and lower discount rates may seem abstract, ultimately they lead to higher required contributions by public agencies to their pension plans. Because these payments are contractually required, they are not a discretionary item in the agency's budgeting process. Consequently, steadily increasing pension payments will squeeze other items in the budget. In the next section, we discuss the impact on Marin's public agencies' budgets.

The Thing That Ate My Budget

A budget serves the same purpose in a public agency as it does in a for-profit enterprise or a household. It is a statement of priorities in a world of finite resources. As growing pension expenses demand an increasing share of available funding, agencies must figure out how to stretch and allocate their resources.

This budgetary conundrum is not unique to Marin. A recent article in the Los Angeles Times¹⁹ discusses what can happen at the end stage of rising pension expenses. The City of Richmond has laid off 20% of its workforce since 2008 and projects pension expenses rising to 40% of revenue by 2021.

The explosion of pension expenses played a key role in three California cities that have filed for bankruptcy protection since 2008: Vallejo,²⁰ Stockton,²¹ and San Bernardino.²² Several factors played a role in these California bankruptcies. In the case of Vallejo, booming property tax revenues during the real estate bubble led city officials to offer generous salary and benefit increases. Property taxes plummeted after a wave of foreclosures during the financial crisis and city officials could not cut enough of the budget to meet obligations. In particular, the city's leadership was unable to negotiate cuts to pension benefits. This lack of flexibility forced Vallejo into bankruptcy. Further threats of litigation from CalPERS during the bankruptcy process kept the City from negotiating cuts to pension benefits as part of its bankruptcy plan. Despite exiting bankruptcy, Vallejo remains on unstable financial footing. Stockton and San Bernardino have similar stories: overly generous salary and benefits offered during boom times, some fiscal mismanagement (i.e. ill-timed bond offerings, failed redevelopment plans, etc.) followed by the inability to cut benefits when revenues declined.

¹⁹ Lin, Judy. "Cutting jobs, street repairs, library books to keep up with pension costs," Los Angeles Times 6 Feb. 2017.

 ²⁰ Hicken, Melanie. "<u>Once bankrupt, Vallejo still can't afford its pricey pensions.</u>" *Cnn.com* 10 March 2014.
²¹ Stech, Katie. "<u>Stockton Calif., To Exit Bankruptcy Protection Wednesday.</u>" *WSJ.com* 24 Feb. 2015.

²² Christie, Jim. "Judge Confirms San Bernardino, California's Plan to Exit Bankruptcy." *Reuters.com* 27 Jan 2017.
In budgeting for pension expense, agencies have two types of contributions to consider: the *Normal Cost* and the amortization of the NPL. The Normal Cost is the amount of pension benefits earned by active employees during a fiscal year. In addition, agencies must make a payment toward the NPL. A pension liability is created in every year the fund's investments underperform the discount rate. The liability for each underfunded year is typically amortized over an extended period, which may be as long as 30 years.

While the passage of PEPRA has reduced the Normal Cost somewhat, the payments needed to amortize the NPL have been rising and will continue to rise in the coming years. This trend will only be exacerbated by the recent decisions of CalPERS and CalSTRS to lower their discount rates. In this section, we will discuss the stress this is placing on the budgets of Marin public agencies.

Revenues of public agencies come from defined sources, including property taxes, sales taxes, parcel taxes, assessments and fees for services. Cash flow may be supplemented by the issuance of general obligation bonds, but these require repayment of principal along with interest.

The budgeting process of public agencies is not always transparent. Although final budgets are made public, the choices made along the way — specifically, which spending priorities did not make it into the final budget — are usually not disclosed.

In 2016, the Marin/Sonoma Mosquito and Vector Control District commissioned a study of the district's financial situation over a projected ten-year time frame, which concluded:

In addition to the basic level of incurred and approved expenditures modeled .., the District has long term pension liabilities. Budgets have been reduced in recent years, but without additional revenues, the District would be forced to implement severe cutbacks in services and staffing.²³

The report concludes that expenses will exceed revenues beginning in FY 2018, with a deficit widening through FY 2027, the final year of the study, and that the district's reserves will be exhausted by FY 2024.

The Grand Jury commends the district for taking the responsible step of investigating its future financial obligations. We believe that a long term budgeting exercise — whether done internally or by an outside consultant — should be completed and made public by every agency every few years.

The Grand Jury chose several balance sheet and income statement items to provide context in calculating the relative burden that pension obligations placed on each agency. We felt a more

²³ Cover letter from NBS to the Board of Trustees and Phil Smith, Manager, Marin/Sonoma Mosquito Vector Control District dated November 9, 2016.

meaningful analysis could be gleaned from examining ratios rather than absolute numbers. For example, the \$48 million dollar pension contribution that the County made in 2016 might sound less shocking when presented as 8% of the county's revenues. The County's \$203 million NPL might be perceived as extraordinary, but not necessarily so when presented with a balance sheet that held \$400 million in cash.

We focused on two metrics: 1) The percentage of revenue spent on pension contributions each year over a five-year period, and 2) The percentage of NPL to cash on the balance sheet to for fiscal years 2015 and 2016. The first metric was an attempt to answer the question of how much of an agency's budget is spent on yearly pension contributions. The second metric addressed the question of whether an agency had financial resources to pay down pension liabilities in order to reduce their future yearly contributions.

The recent announcements of discount rate reductions at both CalPERS and CalSTRS will lead to increases in NPL, resulting in increasing contributions for their participating agencies. As CalPERS and CalSTRS have not yet implemented the discount rate reductions, the financial statistics we have used in the following discussion do not reflect these pending increases and, therefore, somewhat understate the budgetary impact.

Given the wide scope of public missions, responsibilities and funding sources of the agencies investigated in this report, it is not easy to generalize about the consequences of budgetary shortfalls for individual agencies. However, we found similarities among agencies with similar missions.

School Districts

School districts share many characteristics: They are included in a single pool (i.e., identical contribution rates for all districts) for both CalSTRS and CalPERS; they have similar missions and similar financial structures and are, therefore, homogeneous. This is the only category where the agencies contribute to two pensions administrators: CalSTRS for certificated employees and CalPERS for classified staff. Both CalSTRS and CalPERS place eligible school-district employees into a single pool for purposes of determining the annual required contribution. Consequently, we see that pension contributions as a percentage of revenue are fairly consistent across districts.

School District	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Bolinas-Stinson Union School District	6.2%	5.1%	5.3%	4.4%	5.0%
Dixie Elementary School District	5.8%	5.7%	5.2%	5.4%	5.3%
Kentfield School District	5.4%	5.2%	4.9%	4.9%	5.1%
Larkspur-Corte Madera School District	5.5%	5.3%	5.0%	4.6%	5.0%
Marin Community College District	5.8%	6.0%	4.7%	3.9%	3.6%
Marin County Office of Education	3.3%	2.9%	2.8%	2.8%	2.7%
Mill Valley School District	5.1%	4,8%	4.4%	4.5%	4.8%
Novato Unified School District	4.4%	4.4%	4,9%	4.8%	4.8%
Reed Union School District	5.2%	4.8%	4.7%	4.6%	4.4%
Ross School District	5.0%	4.7%	4.6%	4.6%	4.3%
Ross Valley School District	5.5%	5.1%	4.8%	4.8%	4.6%
San Rafael City Schools - Elementary	4.6%	4.4%	4.1%	4.1%	4.0%
San Rafael City Schools - High School	5.3%	4.8%	4.4%	4.5%	4.4%
Sausalito Marin City School District	3.4%	3.7%	3.3%	3.0%	2.7%
Shoreline Unified School District	4.9%	5.0%	5.0%	3.8%	4.1%
Tamalpais Union High School District	5.7%	4.6%	4.9%	5.0%	4.9%
Total	5.0%	4.7%	4.5%	4.3%	4.3%

1 < 5% $5\% - 10\% \equiv 10\% - 15\% \equiv > 15\%$

Pension contributions as a percentage of revenue for Marin's school districts have increased from 4.3% in FY 2012 to 5.0% in FY 2016. Increases will continue over the next five years, but at a much higher rate. CalSTRS contribution rates are governed by law and, under AB 1469^{24} , contribution rates are scheduled to increase from 10.73% of certificated payroll in FY 2016 to 19.10% in FY 2021 (and remain at that level for the next 25 years), an increase of 78%.²⁵ For classified employees, the CalPERS contribution rates will be increasing from 11.847% of payroll in FY 2016 to 21.50% in FY 2022, an increase of over 81%.²⁶ This implies that school districts will be spending 9% of their revenues on pension contributions within the next five years.

²⁴ <u>AB-1469 State teachers' retirement: Defined Benefit Program: funding.</u>, California Legislative Informative

 ²⁵ "<u>CalSTRS Fact Sheet, CalSTRS 2014 Funding Plan.</u>" *CalSTRS*. July 8, 2014.
²⁶ "<u>CalPERS Schools Pool Actuarial Valuation as of June 30, 2015</u>." *CalPERS*. April 19, 2016.

School districts are already running on tight budgets, with the average Marin school district expenses having slightly exceeded revenues in fiscal year 2016. Thus, increases in outlays for pensions will necessitate service reductions, tax increases or a combination of the two.

Many of the school districts have General Obligation (GO) bonds outstanding, which contributes to their precarious financial position. With the recent addition of NPL to their balance sheets, most of the school districts have negative net positions. As discussed earlier, in the private sector a negative net position is considered a sign of financial distress and possible insolvency. When we asked whether the rating agencies had expressed concerns or threatened to downgrade their existing debt, the responses from several districts were that they had no difficulties refinancing their bonds and had all maintained their high credit ratings.

The Grand Jury found this particular issue perplexing. A healthy balance sheet is essential in the private sector to attaining a high credit rating. We learned, however, that this is not how rating agencies view a Marin County agency's credit worthiness. In addition to looking at a particular agency's financials, the rating firms also evaluate the likelihood of getting paid back in the event of a default from other resources, more specifically Marin taxpayers. GO bonds have a provision where, in the event of a shortfall or default on a bond, the agency can direct the tax assessor to increase property taxes to satisfy the obligation.²⁷ Consequently, a rating agency is really assessing the ability to collect directly from Marin County taxpayers. Given Marin's relatively high home values and incomes, collection from Marin taxpayers is a safe bet in the eyes of the rating agencies, thereby making it completely defensible to assign a AAA rating on a GO bond from an agency with a negative net worth. Thus, taxpayers, and not bondholders, bear the risk of an individual agency's insolvency.

Another concern for school districts is their reliance on parcel taxes to supplement revenue. Most Marin school districts have parcel taxes, which run as high as 20% of revenue in some districts and average 9.7%.²⁸ This important source of revenue is subject to periodic voter approval and requires a two-thirds vote to pass. Historically, parcel tax measures have seldom failed in Marin. In November 2016, both Kentfield and Mill Valley had ballot measures to renew existing parcel taxes. Kentfield failed to get the required two-thirds and Mill Valley's measure barely passed. This raises two concerns: 1) that parcel tax measures will face greater opposition if voters believe the money is going for pensions; and 2) that districts' already tight finances will be substantially worsened if this source of funding is reduced.

²⁷ "California Debt Issuance Primer Handbook." California Debt and Investment Advisory Commission. pg 134.

²⁸ Sources: parcel tax data from ed-data.org, revenue data from audit reports (see Appendix A)

K-12 School District	Parcel Tax Revenue as % of Total Revenue
Bolinas-Stinson Union School District	13.3%
Dixie Elementary School District	7.6%
Kentfield School District	20.0%
Larkspur-Corte Madera School District	11.9%
Mill Valley School District	20.0%
Novato Unified School District	4.4%
Reed Union School District	8.6%
Ross School District	8.9%
Ross Valley School District	12.5%
San Rafael City Schools - Elementary	4.4%
San Rafael City Schools - High School	7.0%
Sausalito Marin City School District	0.0%
Shoreline Unified School District	6.2%
Tamalpais Union High School District	10.2%
Average	9.3%

Given these budget pressures, it is difficult to imagine how the impact of increasing pension contributions will not ultimately be felt in the classroom.

Municipalities & the County

The County and the 11 towns and cities in Marin County (we will refer to them collectively as the "municipalities") have broad responsibilities. Within this group, however, there are important differences. Populations differ widely, from Belvedere at about 2,000 to San Rafael at 57,000. In some municipalities, police and/or fire protection services are provided by a separate agency. In others they fall under the municipality's auspices. These factors lead to some variation among this category.

Unlike school districts, municipalities (and special districts, which we will discuss next) have individualized schedules for amortization of their NPLs. Although we can make overall statements about recent and expected increases in pension expense, there can be substantial variation among jurisdictions.. The following table shows the pension contribution as a percent of revenue for each municipality over the past 5 years.

Municipality	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
City of Belvedere	4.2%	3.8%	3.9%	5.2%	5.7%
City of Larkspur*	N/A	3.8%	5.0%	6.0%	7.0%
City of Mill Valley	6.4%	5.5%	5.2%	5.1%	6.3%
City of Novato	5.4%	5.2%	9.1%	8.4%	8.3%
City of San Rafael	19,2%	18.8%	18.8%	15.9%	16.8%
City of Sausalito	6.6%	9.7%	6.9%	10.8%	12.3%
County of Marin	7.9%	6.9%	8.1%	15.2%	10.5%
Town of Corte Madera	7.7%	7.8%	8.5%	8.4%	11.0%
Town of Fairfax*	N/A	13.9%	9.8%	10.5%	9.8%
Town of Ross	14.5%	2.2%	3.9%	7.2%	13.0%
Town of San Anselmo	2.4%	1.9%	2.5%	4.3%	7.2%
Town of Tiburon	6.6%	3.8%	4.1%	4.7%	5.8%
Total	8.8%	7.9%	8.9%	13.6%	10.7%

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The Budget Squeeze: How Will Marin Fund Its Public Employee Pensions?

■ < 5% **5%** - 10% **■** 10% - 15% **■** > 15%

In FY 2016, the City of San Rafael and the Town of Ross had the highest contribution percentages, 19.2% and 14.5% respectively. The City of San Rafael's contribution rate has been consistently high for the last five years. MCERA, San Rafael's pension administrator, projects that contributions will remain high with only a slight decline over the next 15 years.²⁹

In contrast, the Town of Ross had a relatively low contribution percentage through FY 2014 & FY 2015. The contribution rate would have remained low in FY 2016 but for a \$1 million voluntary contribution to pay down its NPL. Nevertheless, the Town's pension administrator (CalPERS), projects that pension contributions will rise sharply from FY 2014/FY 2015 levels over the next five years.³⁰

²⁹ "Actuarial Valuation Report as of June 30, 2016." Marin County Employees' Retirement Association. p.15,

³⁰ "Annual Valuation Report as of June 30, 2015." California Public Employees' Retirement System. Reports for Town of Ross -Miscellaneous Plan, Town of Ross - Miscellaneous Second Tier Plan, Town of Ross - PEPRA Miscellaneous Plan & Town of Ross - Safety Plan

Although Fairfax has not yet produced an audit report for FY 2016, we expect its required contributions will experience an increase over the next four to five years after which they are projected to decline somewhat over the following decade.³¹

Belvedere and San Anselmo had the lowest contribution percentages of 4.2% and 2.4% respectively.

Examining NPL as a percentage of cash (see Appendix E), Tiburon and Ross were in the best position, with Tiburon having 25.2% of NPL to cash and Ross having 33.7% of NPL to cash. The Grand Jury recommends that cash-rich agencies evaluate their reserve policies and discuss whether a contribution to pay down the NPL (as Ross did in FY 2016), should be prioritized. Conversely, San Rafael and Fairfax (based on FY 2015) are also in the worst position based on our balance sheet metric with a NPL that is more than double both municipalities' respective cash positions.

The County is in a strong financial position, spending 7.9% of its revenues on pension contributions. The County of Marin's balance sheet has assets of nearly \$2 billion, yearly revenues of over \$600 million and cash of over \$400 million. When viewed in the context of its ample financial resources, the County does not currently appear to be financially strained by its pension obligations. Furthermore, the county's significant assets and ample cash cushion should protect it from further pressure caused by increasing pension contributions. In 2013, the County made a significant extra contribution (\$30 million) to pay down its NPL and could do the same in future years to offset increasing contribution requirements from MCERA.

Special Districts

The Special Districts illustrate the stark differences among agencies. The safety districts (police and fire), out of all the agencies, spent the highest percentage of their revenues on pension contributions. The primary reason that safety agencies have high pension expenses relative to other agencies is that they are inherently labor intensive, with some of the most highly compensated public employees with the highest pension benefits (in terms of percentage of compensation for each year of service) and the earliest retirement ages. Other than some equipment, such as a fire engine, the bulk of the revenues are spent on employee compensation and benefits.

³¹ "Annual Valuation Report as of June 30, 2015." California Public Employees' Retirement System. Reports for Town of Fairfax - Miscellaneous First Tier Plan, Town of Fairfax - Miscellaneous Second Tier Plan, Town of Fairfax - PEPRA Safety Plan, Town of Fairfax - Safety First Tier Plan & Town of Fairfax - Safety Second Tier Plan

Safety District	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Central Marin Police Authority*	N/A	13.4%	20.1%	17.7%	16.8%
Kentfield Fire Protection District	16'0%	16.7%	14.7%	16.9%	17,5%
Novato Fire Protection District	17.4%	18.2%	17.5%	18,1%	19,1%
Ross Valley Fire Department	11.7%	10.9%	9.1%	16.3%	61,8%
Southern Marin Fire Protection District	13.9%	5.4%	12.6%	13.8%	13.9%
Tiburon Fire Protection District	20.5%	31.0%	14.2%	14.2%	15.8%
Total	16.2%	15.2%	15.5%	16.5%	22.2%

|||| < 5% 5% - 10% |||| 10% - 15% |||| > 15%

The highest pension to revenue rates were in the Tiburon, Kentfield and Novato fire districts, which each spent more than 17% of their revenues on pension payments in FY 2016. Using the metric of NPL to cash on the balance sheet, the Ross Valley Fire Department had the highest ratio of nearly 600% (see Appendix E). However, Ross Valley Fire spent only 11.7% of its revenues on pension contributions in 2016.

The ratios for Tiburon Fire in FY 2015 and FY 2016 are inflated by the voluntary contributions it made, totaling approximately \$2 million over those two years.

Sanitary districts as a group appeared to be in the best financial condition based on both balance sheet and income statement data. Sanitary districts tend to have few employees and own significant assets that require capital investments to maintain. A capital-intensive business requires cash, but not many employees. Consequently, their pension plans appear not to be a financial burden on the agencies.

Utility District	FY2016	FY2015	FY2014	FY2013	FY2012
Central Marin Sanitation Agency	5.5%	13.0%	16.6%	7.6%	7.4%
Las Gallinas Valley Sanitary District	2.3%	2.3%	2.3%	3.6%	3.5%
Marin Municipal Water District	9.2%	7.5%	6.5%	5.7%	6.4%
Marin/Sonoma Mosquito & Vector Control	(1.2%	10.2%	11.0%	11.2%	24.0%
Marinwood Community Services District	5.5%	5.2%	8.0%	8.7%	10.7%
North Marin Water District	4.6%	3.6%	3.9%	5.78.6%	6.5%
Novato Sanitary District	1.5%	0.9%	1.4%	1.8%	1.3%
Richardson Bay Sanitary District	2.6%	2.4%	3.2%	2.3%	2.3%
Ross Valley Sanitary District	2.3%	2.0%	3.8%	3.8%	3.2%
Sanitary District # 5 Tiburon-Belvedere	28.4%	25.3%	2.9%	3.5%	4.9%
Sausalito Marin City Sanitation District	3.3%	4.0%	3.4%	2.4%	5.0%
Tamalpais Community Services District	5.9%	5.9%	6.4%	5.8%	5.1%
Total	6.5%	6.4%	6.0%	5.5%	6.1%

a < 5% **b** 5% - 10% **b** 10% - 15% **b** > 15%

Sanitary District #5 had a very high level of pension contributions at over 25% for each of the two most recent years. However, this is the result of large voluntary contributions. Further, the district had cash equal to three times its NPL. The Novato Sanitary District stood out as being in particularly good financial condition in that it spends less than 2% of its revenues on pension contributions and has a NPL that is 18% of its cash position.

The real question for Marin County taxpayers is not whether we are in dire straits because of pensions — for now, most of the agencies appear to be able to meet their pension obligations — but which services are going to be squeezed, which roads aren't going to be paved, which buildings aren't going to be updated because of growing pension contribution requirements. Alternatively, how many more parcel taxes, sales tax increases and fee hikes will be required because pension contributions continue to spiral upwards? In the next section, we will discuss possible alternatives to the current system of retiree pay.

The Exit Doors Are Locked

In 2011, Governor Jerry Brown announced a 12-point plan for pension reform. This plan included raising the retirement age for new employees, increasing employee contribution rates, eliminating "spiking" (where an employee uses special bonuses, unused vacation time and other pay perquisites to increase artificially the compensation used to calculate their future retirement benefit) and prohibiting retroactive pension increases. Most of these proposals were incorporated into the Public Employees Pension Reform Act of 2013 (PEPRA).³² One that was not was Governor Brown's proposal for "hybrid" plans for new employees.

The hybrid proposal consisted of three components:

- 1. New employees would be offered pensions but with reduced benefits requiring lower contributions by both employer and employee.
- 2. New employees would also be offered defined contribution plans.
- 3. Most new employees would be eligible for Social Security. (Currently, employees not eligible for CalPERS or CalSTRS -- generally, part-time, seasonal and temporary employees -- are covered by Social Security.)

The Governor's proposal was for each of these three components to make up approximately equal parts of retirement income. (For those not eligible for Social Security, the pension would provide two-thirds and the defined contribution plan one-third.)

It may be helpful at this point to pause and define our terms. A traditional pension — like the plans covering public employees in Marin — is a *defined benefit* (DB) plan. Under a DB plan, the employee is eligible for a pension that pays a defined amount, typically a formula based on retirement age, years of service and average compensation. Because the benefit is defined, the contributions by employer and employee will be uncertain; they, along with the investment returns on the contributed assets, must be sufficient to fund the defined benefit.

Under a *defined contribution* (DC) plan, such as a 401(k), both employer and employee make an annual contribution. Typically, the employee chooses a portion of pre-tax salary that is contributed to the plan and the employer matches a percentage of the employee's contribution. The funds are placed in an investment account and the employee chooses how the funds are invested (usually from a range of choices established by the employer). What is undefined is the value of the account at the time the employee retires as this depends upon the total of contributions and the rates of return over the life of the account. By law, 401(k) plans are "portable"; they permit the employee to move the account to an Individual Retirement Account (IRA) should he/she change employers.

The primary difference between DB and DC plans is who assumes the risk of lower investment returns and greater longevity. In a DB plan, it is the employer; in a DC plan, it is the employee. Furthermore, a DB plan poses some risk to the employee: If the employer does not make the required contributions, the pension administrator will be required to reduce pension benefits to the retirees of the employer. In November 2016, CalPERS announced that it would cut benefits for the first time in its history. Loyalton, California was declared in default by CalPERS after failing to make required contributions towards its pension plans. The CalPERS board voted to

³² "<u>Twelve Point Pension Reform Plan</u>." Governor of the State of California. 27 Oct. 2011.

reduce benefits to Loyalton retirees.³³ More recently, in March of 2017, CalPERS voted again to cut benefits for retirees of the East San Gabriel Valley Human Services Agency when it began missing required payments in 2015.³⁴

Over the past several decades, private industry in the US has moved decidedly toward DC and away from DB. In 1980, 83% of employees in private industry were eligible for a DB plan (either alone or in combination with a DC plan).³⁵ By March 2016, the Bureau of Labor Statistics reported that among workers in private industry, 62% had access to a DC plan while only 18% had access to a DB plan. This compares with workers in state and local government, where 85% had access to DB plans and 33% to DC plans (some workers are eligible for both).³⁶

Eliminating the risk of an underfunded plan is the primary reason that private employers have been moving away from DB plans, but there are several others. In a traditional DB plan, the employer is responsible for managing the assets held in trust for future retirees. This leads to costs for both investment management and oversight of their fiduciary duties. In addition, as the economy has shifted from manufacturing toward service and high technology, new firms have sprung up that did not have unionized work forces or legacy DB plans and chose the simplicity and lack of risk of DC. The shift from DB to DC may also reflect the preference of younger employees for the portability and transparency of DC.³⁷

In public employment, which has fewer competitive pressures and a higher percentage of workers represented by unions, these same trends have not occurred, leaving more DB plans in place.

Under PEPRA, new employees hired after January 1, 2013 are still eligible for DB plans, but at a lower percentage of average compensation and a later retirement age (generally two years later). These important steps reduced the annual cost of employee pensions but still leave the employer with the administrative cost and fiduciary duty. While PEPRA prohibits retroactive increases, which prevents the state from making the same mistake it made in the late 1990's, investment performance that is significantly below target could again produce a large unfunded liability.

It is argued by some³⁸ that everyone would benefit from a more secure retirement; rather than taking DB plans away from public employees, they should be made available to all workers.

³³ "CalPERS Finds the City of Loyalton in Default for Non-Payment of Pension Obligation." CalPERS.ca.gov 16 November, 2016.

³⁴ Dang, Sheila "CalPERS Cuts Pension Benefits for East San Gabriel Valley Human Services." Institutionalinvestor.com 16 March, 2017.

[&]quot;"Pensions: 1980 vs. Today." New York Times, 3 Sep. 2009

³⁶ "National Compensation Survey." Bureau of Labor Statistics, March 2016

³⁷ Barbara A. Butrica and Howard M. Iams and Karen E. Smith & Eric J. Toder. "The Disappearing Defined Benefit Pension and Its Potential Impact on the Retirement Incomes of Baby Boomers." Social Security Bulletin, Vol. 69, No. 3, 2009 ³⁸ Aaronson, Mel and March, Sandra and Romain, Mona. "Everyone Should Have a Defined- Benefit Pension." New York

Teacher, 17 Feb. 2011.

While this argument has some appeal, it ignores the fact that US commerce has adopted DC plans as the de facto standard. Further, as DB plans for public employees exhibit significant unfunded liabilities, it stands to reason that DB programs for private employees with comparable benefits would suffer the same financial difficulties.

It is easy to understand why taxpayers, who have to manage the risks of their own retirements using DC plans, would object to guaranteeing the retirement income of public employees with DB plans. In a February 2015 nationwide poll, 67% of respondents favored requiring new public employees to have DC instead of DB plans.³⁹ A California poll in September 2015 put that number at 70%.⁴⁰

As noted above, the changes to state retirement law under PEPRA did not make DC or hybrid plans an option for public employees. While existing DC plans were grandfathered by PEPRA, any agency proposing to offer a new DC or hybrid plan in place of an existing DB plan would face a series of hurdles:

- According to the County Employees Retirement Law of 1937, the County of Marin would require specific legislative approval to amend the law to allow the introduction of a DC or hybrid DC/DB plan.
- For other public agencies, PEPRA did not create any approved DC or hybrid models; although neither did it explicitly prohibit them. Any changes by agencies that are participants in CalPERS would require approval of the CalPERS board. It appears likely that CalPERS would disapprove such a request under PEPRA section 20502, as an impermissible exclusion of a class of employees. (Some differentiations — by job classification, for example — are permissible.)

In addition, negotiations with the relevant collective bargaining unit would need to take place, a requirement that is made explicit in PEPRA section 20469.

An additional obstacle is termination fees. If a CalPERS participating agency chooses to terminate its DB plan, it must make a payment to CalPERS to satisfy any unfunded liability. This fee would be calculated by discounting the liability using a risk-free rate (see Glossary for definition), which might be four to five percentage points lower than the rate normally used to calculate the NPL.

The actual calculation of the termination liability is done at the time of the termination, but in its annual actuarial valuation reports CalPERS provides two estimates intended to describe the range in which the liability is likely to fall. While CalPERS has used a 7.50% discount rate to calculate NPL for active plans, it uses a combination of the yields on 10-year and 30-year

³⁹ "Pension Poll 2015 Topline Result," Reason-Rupe Public Opinion Survey, 6 February 2015

⁴⁰ "Californians and Their Government," Public Policy Institute of California Statewide Survey, September 2015

Treasury securities — which respectively yield 2.19% and 3.02% as this report is written — to calculate the termination liability. In its most recent actuarial reports, it provided estimates of agencies' termination liability using discount rates of 2.00% and 3.25%. To illustrate, at June 30, 2015 (reports for fiscal 2016 were not yet available as this was written), the City of Larkspur had a NPL of just over \$9 million, but Larkspur's termination liability was estimated at between \$46.8 million and \$64.1 million, or between five and seven times its NPL. This range is very typical.

Here, again, we should define our terms. When a pension plan is terminated, the claims of all eligible participants are satisfied, either through a lump-sum payment or through the purchase by the plan of annuities that pay all benefits to which the participants are entitled. The plan is then liquidated; no further benefits accrue to employees and retirees and no further contributions are required from the employer.

A pension plan freeze is different from a termination. A plan can be frozen in a variety of ways. A plan might terminate all future activity so that any benefits earned prior to the freeze are still due but no further benefits are earned by any employees. Alternatively, a pension plan might choose to keep all terms in place — including benefit accruals for future service and required future contributions — for existing employees and retirces but enroll all new hires in DC plans. Other variations are possible.

Currently, CalPERS does not distinguish between a termination and a freeze. If an employer were to propose converting new employees to a DC plan, CalPERS would treat it as a termination because it is impermissible for a CalPERS plan to differentiate between groups of employees on the basis of when they were hired.

Absent legislative action, an agency that wanted to freeze its current DB plan and make all new employees eligible for a DC-only or hybrid plan would make an application to CalPERS. The CalPERS board would conclude that excluding employees from the existing DB plan on this basis was impermissible and declare the plan terminated, triggering the imposition of a fee five to seven times the amount of the NPL. For an agency that wishes to take better control of its financial position, this would be a counter-productive endeavor.

CONCLUSION

The net pension liability of Marin's public agencies cannot be made to disappear. It represents benefits earned over several decades by public employees and constitutes a legal and ethical obligation. Some progress has been made to reduce growing liabilities (such as PEPRA's antispiking provisions, which are the subject of a lawsuit currently under appeal at the state Supreme Court).⁴¹ However, the vast bulk of this liability will need to be paid.

The recommendations proposed by the Grand Jury are intended to achieve three objectives:

- 1. Avoid further increasing the pension liabilities of Marin's public agencies by shifting from DB to DC-only and/or hybrid retirement plans.
- 2. Increase the rigor and extend the planning horizon of fiscal management by Marin's public agencies.
- 3. Improve the depth and quality of information provided to the public.

In the course of its investigation, the Grand Jury found two models that may help achieve these objectives, one from right next door and one from across the country.

In September 2015, Sonoma County empanelled the Independent Citizens Advisory Committee on Pension Matters consisting of seven members, "none of whom are members or beneficiaries of the County pension system."42 The panel conducted an investigation and published in June 2016 a comprehensive and highly readable report with recommendations for containing pension costs, public reporting and improving fiscal management.⁴³

In 2012, New York State Office of the State Controller introduced a Fiscal Monitoring System, which is intended to be an early-warning system for financial stress among the state's municipalities and school districts. It takes financial data from reports filed by the agencies and economic and demographic data to produce scores to identify fiscal stress. The OSC also offers advisory services to assist those agencies in developing plans to alleviate their financial stress.⁴⁴

We believe that these two models could be helpful as Marin's public agencies come to terms with the fiscal realities of the years ahead.

One final point: As bad as this report may make things look, they will almost certainly look worse in the next few years because of the lowering of discount rates by pension administrators. We believe that these actions by CalPERS, CalSTRS and MCERA are well founded and prudent, but they will result in increases to the NPLs of every agency, necessitating higher payments in

⁴¹ Marin Association of Public Employees v. Marin County Employees Retirement Association

⁴² "Independent Citizens's Advisory Committee on Pension Matters." County of Sonoma.

 ⁴³ "Report of Independent Citizens Advisory Committee on Pension Matters." *County of Sonoma*. June 2016.
⁴⁴ "Three Years of the Fiscal Stress Monitoring System," New York State Office of the State Controller, September 2015

the near term to amortize the higher NPLs. The result will be that budgets, already under pressure, will be squeezed further.

FINDINGS

- F1. All of the agencies investigated in this report had pension liabilities in excess of pension assets as of FY 2016.
- F2. A prolonged period of declining global investment returns has led pension plan assets to underperform their targeted expected returns.
- F3. MCERA, CalPERS and CalSTRS have lowered their discount rates, which will result in significantly higher required contributions by Marin County agencies in the next few years.
- F4. If pension plan administrators discounted net pension liabilities according to accounting rules used for the private sector, increases in required contributions would be vastly larger than those required by the recent lowering of discount rates.
- F5. Most Marin County school districts have a negative net position due in part to the addition of net pension liabilities to their balance sheets.
- F6. The required contributions of Marin school districts to CalSTRS and CalPERS will nearly double within the next five to six years due to legislatively (CalSTRS) and administratively (CalPERS) mandated contribution increases.
- F7. Pension contribution increases will strain Marin County agency budgets, requiring either cutbacks in services, new sources of revenue or both.
- F8. The private sector has largely moved away from defined benefit plans primarily due to the risk of underfunding, offering instead defined contribution plans to its employees.
- F9. Taxpayers bear most of the risk of Marin County employee pension plan assets underperforming their expected targets.
- F10. Retirees' pension benefits would be reduced if an agency was unable to meet its contribution obligations.

RECOMMENDATIONS

- R1. The Marin Board of Supervisors should empanel a commission to investigate methods to reduce pension debt and to find ways to keep the public informed. The panel should be comprised of Marin citizens with no financial interest in any public employee pension plan and should be allowed to engage legal and actuarial consultants to develop and propose alternatives to the current system.
- R2. CalSTRS and MCERA should provide actuarial calculations based on the risk-free rate as CalPERS does in its termination calculations.
- R3. Agencies should publish long-term budgets (i.e., covering at least five years), update them at least every other year and report what percent of total revenue they anticipate spending on pension contributions.
- R4. Each agency should provide 10 years of audited financial statements and summary pension data for the same period (or links to them) on the financial page of its public website.
- R5. For the purposes of transparency, MCERA, CalSTRS and CalPERS should publish an actuarial analysis of the effect of Cost of Living Allowances (COLA) on unfunded pension liabilities on an annual basis.
- R6. Elected state officials should support legislation to permit public agencies to offer defined contribution plans for new employees.
- R7. Elected state officials should support legislation to implement a statewide financial economic health oversight committee of all public entities similar to that implemented in NY.
- **R8.** Public agencies and public employee unions should begin to explore how introduction of defined contribution programs can reduce unfunded liabilities for public pensions.

REQUEST FOR RESPONSES

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

From the following governing bodies:

- Bolinas-Stinson Union School District (R3, R4, R8)
- Central Marin Police Authority (R3, R4, R8)
- Central Marin Sanitation Agency(R3, R4, R8)
- City of Belvedere (R3, R4, R8)
- City of Larkspur (R3, R4, R8)
- City of Mill Valley (R3, R4, R8)
- City of Novato (R3, R4, R8)
- City of San Rafael (R3, R4, R8)
- City of Sausalito (R3, R4, R8)

- Marin Community College District (R3, R4, R8)
- Dixie Elementary School District (R3, R4, R8)
- Kentfield Fire Protection District (R3, R4, R8)
- Kentfield School District (R3, R4, R5, R8)
- Larkspur-Corte Madera School District (R3, R4, R8)
- Las Gallinas Valley Sanitary District (R3, R4, R8)
- Marin County (R1, R3, R4, R8)
- MCERA (R2, R5, R8)
- Marin County Office of Education (R3, R4, R8)
- Marin Municipal Water District (R3, R4, R8)
- Marin/Sonoma Mosquito & Vector Control (R3, R4, R8)
- Marinwood Community Services District (R3, R4, R8)
- Mill Valley School District (R3, R4, R8)
- North Marin Water District (R3, R4, R8)
- Novato Fire Protection District (R3, R4, R8)
- Novato Sanitary District (R3, R4, R8)
- Novato Unified School District (R3, R4, R8)
- Reed Union School District (R3, R4, R8)
- Richardson Bay Sanitary District (R3, R4, R8)
- Ross School District (R3, R4, R8)
- Ross Valley Fire Department (R3, R4, R8)
- Ross Valley Sanitary District (R3, R4, R8)
- Ross Valley School District (R3, R4, R8)
- San Rafael City Schools Elementary (R3, R4, R8)
- San Rafael City Schools Secondary (R3, R4, R8)
- Sanitary District # 5 (R3, R4, R8)
- Sausalito Marin City Sanitation District (R3, R4, R8)
- Sausalito Marin City School District (R3, R4, R8)
- Shoreline Unified School District (R3, R4, R8)
- Southern Marin Fire Protection District (R3, R4, R8)
- Tamalpais Community Services District (R3, R4, R8)
- Tamalpais Union High School District (R3, R4, R8)
- Tiburon Fire Protection District (R3, R4, R8)
- Town of Corte Madera (R3, R4, R8)
- Town of Fairfax (R3, R4, R8)
- Town of Ross (R3, R4, R8)
- Town of San Anselmo (R3, R4, R8)
- Town of Tiburon (R3, R4, R8)

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.

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The following individuals are invited to respond:

- California State Assemblymember Marc Levine (R6, R7)
- California State Senator Mike McGuire (R6, R7)
- California Governor Edmund G. Brown, Jr. (R6, R7)
- CalPERS Chief Executive Officer Marcie Frost (R5, R8)
- CalSTRS Chief Executive Officer Jack Ehnes (R2, R5, R8)
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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 <u>not</u> 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

401(k): A retirement savings plan sponsored by an employer. A 401(k) allows workers to save and invest a piece of their paycheck before taxes are deducted. Taxes aren't paid until the amounts are withdrawn.⁴⁵

Actuary: A professional specially trained in mathematics and statistics that gathers and analyzes data and estimate the probabilities of various risks, typically for insurance companies.⁴⁶

California Bill SB 400: A California statute⁴⁷ passed by the legislature and signed by then Governor Grey Davis in 1999 retroactively raising the pension benefits for public employees.

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.⁴⁸

California State Teachers' Retirement System: A pension fund in California established in 1913 to manage the retirement benefits of public school educators.

Cost of Living Allowance (COLA): An annual increase in pension benefits granted to retirees, typically based upon the rate of inflation in a specific geographic area.

Comprehensive Annual Financial Report (CAFR): A report issued by a government entity that includes the entity's audited financial statements for the fiscal year as well as other information about the entity. The report must meet accounting standards established by the Governmental Accounting Standards Board (GASB)."⁴⁹ Audited financial reports may be referred to as "audit reports" or "financial statements" by various public agencies.

Defined Benefit (DB): A type of retirement plan in which an employer/sponsor promises a specified payments (or payments) on retirement that is predetermined by a formula based on factors including an employee's earnings history, tenure of service and age.⁵⁰

Defined Contribution (DC): A type of retirement plan in which the employer, employee or both contribute on a regular basis into an account where the funds may be invested. At retirement, the employee receives a benefit whose size depends on the accumulated value of the funds in the retirement account.⁵¹

Discount Rate: The interest rate used in present value calculations.

⁴⁵ "What is a 401(k)?" WSJ.com. Accessed 25 March 2017.

⁴⁶ Bodie, Zvi and Merton, Robert C. *Finance*. Upper Saddle River. Prentice-Hall Inc. 1998. Pg. 223

⁴⁷ Senate Bill No. 400, California Law

⁴⁸ "<u>CalPERS Story</u>." *CalPERS*. Accessed March 2017.

⁴⁹ "Comprehensive Annual Financial Report (CAFR)." Municipal Securities Rulemaking Board.

⁵⁰ Bodie, Zvi and Merton, Robert C. *Finance*. Upper Saddle River. Prentice-Hall Inc. 1998. Pg. 50.

⁵¹ Ibid.

Financial Accounting Standards Board (FASB): "Established in 1973, the Financial Accounting Standards Board (FASB) is the independent, private-sector, not-for-profit organization based in Norwalk, Connecticut, that establishes financial accounting and reporting standards for public and private companies and not-for-profit organizations that follow Generally Accepted Accounting Principles (GAAP)."52

Fiduciary Duty: A legal obligation of one party to act in the best interest of another. Typically, a fiduciary is entrusted with the care of money or other asset for another person.⁵³

Fiscal Year (FY): A term of one year, typically beginning on the 1st day of July extending through the last day of June.

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 ten 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."54

Hybrid Plan: A pension plan that contains both defined benefit and defined contribution options.

Independent Retirement Account (IRA): Retirement accounts that permit and encourage sayings by individuals through the pre-tax investment of wages and salaries. Such investment accounts accumulate returns that are not taxed until withdrawals at a later date.

Market Value of Assets (MVA): The value of accumulated assets at the current value of individual assets as opposed to the original cost.

Marin County Employees Retirement Association (MCERA): A pension fund in Marin County, CA that manages the retirement assets and benefits of several municipalities and public agencies.

Net Pension Liability (NPL): The total pension obligation of an organization for its employees less the value of assets held to fund those benefits.

Normal Cost: The present value of future pension benefits earned during the current accounting period.

 ⁵² About the FASB, Financial Accounting Standards Board.
⁵³ "Fiduciary Duty" Business dictionary.com.
⁵⁴ "FACTS about GASB." Governmental Accounting Standards Board. 2012–2014.

Present Value (PV): The current worth of a future sum of money or stream of cash flows given a specified rate of return.⁵⁵

Public Employees Pension Reform Act of 2013 (PEPRA): An act of State Legislature, which imposes certain limits on pension benefits for public employees hired after 2013.

Quantitative Easing: A monetary policy whereby a central bank, such as the Federal Reserve, creates money to fund the purchase of government securities - e.g. US Treasury Bonds - with the objective of stimulating the economy.

Risk-Free Rate: A discount rate considered to have no risk of default over time, typically a United States Treasury obligation backed by the full faith and credit of the United States.

Sensitivity Analysis: An analysis of the impact of different discount rates on unfunded liabilities. Typically, the discount rates used in the analysis are minus 1% and plus 1% of the stated discount rate of the liability.

Termination Fee: The fee levied by a pension fund against an agency for terminating the contract between the two parties. The fee amounts to the difference between the total liabilities calculated at the nominal discount rate versus the risk-free rate, typically a mix of 10-year and 30-year US Treasury bonds. The rationale for the fee is that as no additional contributions will be forthcoming from the agency to fund existing liabilities, a basket of securities without risk is required to prevent reductions of benefits.

Time value of money: The core principal of finance holds that money in hand today is worth more than the expectation of the same amount to be received in the future. First, money may be invested and earn interest, resulting in a larger amount in the future. Second, the purchasing power of money may decline over time due to inflation. Third, the receipt of money expected in the future is uncertain.⁵⁶

Total Pension Liability: The total obligation of an agency to fund pension benefits for active and retired employees.

Unfunded Actuarial Accrued Liability (UAAL): The excess of the Actuarial Accrued Liability (AAL) over the actuarial value of assets.⁵⁷

⁵⁵ Bodie, Zvi and Merton, Robert C. *Finance*. Upper Saddle River. Prentice-Hall Inc. 1998. Pg. 89.

⁵⁶ Bodie, Zvi and Merton, Robert C. *Finance*. Upper Saddle River. Prentice-Hall Inc. 1998. Pg. 82.

⁵⁷ "Other Postemployment Benefits: A Plain-Language Summary of GASB Statements No. 43 and No. 45." Governmental Accounting Standards Board.

Appendix A: Public Sector Agencies

The table below contains the list of public agencies, school districts and municipalities investigated in this report, the corresponding pension fund(s) for each and the source of audited financial statements used in this report.

For each agency, the five fiscal years from 2012 through 2016 were examined. All agencies reviewed in this report use the calendar dates of July 1 through June 30 for the fiscal year. (Note: San Rafael City Schools is a single district, but it produces separate financial statements for the elementary schools and the high schools. This report presents them separately.)

Municipality	Pension Funds	Audit Reports
County of Marin	MCERA	Comprehensive Annual Financial Report www.marincounty.org
City of Belvedere	CalPERS	Audited Financial Report www.ci.belb
City of Larkspur*	CalPERS	Audited Financial Report www.ci.larkspur.ca.us
City of Mill Valley	CalPERS	Audited Financial Report www.cityofmillvalley.org
City of Novato	CalPERS	Comprehensive Annual Financial Report www.novato.org
City of San Rafael	MCERA	Comprehensive Annual Financial Report www.cityofsanrafael.org
City of Sausalito	CalPERS	Comprehensive Annual Financial Report www.ci.sausalito.ca.us
Town of Corte Madera	CalPERS	Comprehensive Annual Financial Report www.ci.corte-madera.ca.us
Town of Fairfax*	CalPERS	Basic Financial Statements and Independent Auditor's Report www.town-of-fairfax.org
Town of Ross	CalPERS	Financial Report www.townofross.org
Town of San Anselmo	CalPERS	Annual Financial Report www.townofsanauselmo.org
Town of Tiburon	CalPERS	Annual Financial Report www.townoftiburon.org

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Appendix A: Public Sector Agencies (cont'd)

School District	Pension Funds	Audit Reports
Bolinas-Stinson Union School	CalSTRS	Audit Report July 1, 2012 - June 30, 2016
District	CalPERS	www.bolinas-stinson.org
College of Marin	CalSTRS CalPERS	Financial Statements www.marin.edu
Dixie Elementary School	CalSTRS	Audit Report
District	CalPERS	www.dixieschool.com
Kentfield School District	CalSTRS CalPERS	Audit Report http://www.kentfieldschools.org/pages/Kentfield_School_District
Larkspur-Corte Madera School	CalSTRS	Audit Report
District	CalPERS	www.lcmschools.org
Marin County Office of	CalSTRS	Audit Report
Education	CalPERS	www.marinschools.org
Mill Valley School District	CalSTRS CalPERS	Audit Report www.mvschools.org
Novato Unified School District	CalSTRS CalPERS	Audit Report www.nusd.org
Reed Union School District	CalSTRS CalPERS	Audit Report www.reedschools.org
Ross School District	CalSTRS CalPERS	Audit Report www.rossbears.org
Ross Valley School District	CalSTRS CalPERS	Audit Report www.rossvalleyschools.org
San Rafael City Schools -	CalSTRS	Audit Report
Elementary	CalPERS	www.srcs.org
San Rafael City Schools - High	CalSTRS	Audit Report
School	CalPERS	www.srcs.org
Sausalito Marin City School	CalSTRS	Audit Report
District	CalPERS	www.smcsd.org
Shoreline Unified School	CalSTRS	Annual Financial
District	CalPERS	www.shorelineunified.org
Tamalpais Union High School	CalSTRS	Audit Report
District	CalPERS	www.tamdistrict.org

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The Budget Squeeze: How Will Marin Fund Its Public Employee Pensions?

Safety District	Pension Funds	Audit Reports
Central Marin Police Authority*	CalPERS	Twin Cities Police Authority (FY 2012) Financial Statements and Independent Auditor's Report http://centralmarinpolice.org
Kentfield Fire Protection District	CalPERS	Basic Financial Statements www.kentfieldfire.org
Novato Fire Protection District	CalPERS	Independent Auditor's Report www.novato.org
Ross Valley Fire Department	CalPERS	Basic Financial Statements www.rossvalleyfire.org
Southern Marin Fire Protection District	MCERA	Basic Financial Statements southernmarinfire.org
Tiburon Fire Protection District	CalPERS	Comprehensive Financial Report www.tiburonfire.org

Utility District	Pension Funds	Audit Reports
Central Marin Sanitation Agency	CalPERS	Financial Statements and Independent Auditor's Report
Las Gallinas Valley Sanitary District	CalPERS	Comprehensive Annual Financial Report www.lgvsd.org
Marin Municipal Water District	CalPERS	Comprehensive Annual Financial Report www.marinwater.org
Marin/Sonoma Mosquito & Vector Control District	MCERA	Basic Financial Statements www.msmosquito.com
Marinwood Community Services District	CalPERS	Basic Financial Statements www.marinwood.org
North Marin Water District	MCERA	Comprehensive Annual Financial Report www.nmwd.com
Novato Sanitary District	CalPERS	Comprehensive Annual Financial Report www.novatosan.com
Richardson Bay Sanitary District	CalPERS	Financial Statements www.richardsonbaysd.org
Ross Valley Sanitary District	CalPERS	Basic Financial Statements www.rvsd.org
Sanitary District # 5 Tiburon- Belvedere	CalPERS	Financial Statements www.sani5.org
Sausalito Marin City Sanitation District	CalPERS	Financial Statements and Independent Auditor's Report www.sausalitomarineitysanitarydistrict.com
Tamalpais Community Services District	CalPERS	Financial Statements and Independent Auditor's Report www.tesd.us

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Appendix B: Methodology Detail

The Grand Jury collected data from the sources described above: over 200 audited financial reports alone published by the entities (see Appendix A). Multiple jurors participated in the collection and review of all financial data items according to the process and methods described above.

The collected data were entered into spreadsheets to allow the Grand Jury to analyze relevant financial statistics. In order to assure a consistent interpretation of the financial data from these audited reports, and to ensure the correct transcription of the data to spreadsheets used for the analysis, multiple jurors participated in validation of each data item. In those cases where data was provided in separate portions of the report (i.e. a school district's CalPERS and CalSTRS pensions reported separately), the Grand Jury performed the appropriate summations to aid in our analysis.

In examining the audited financial reports of the public entities, the Grand Jury captured basic financial data from multiple fiscal years to determine the relative health of the entities with regard to pensions. Audited reports tend to have a similar structure, containing the following four major sections:

- The Independent Auditors Report
- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Notes to Financial Statements

Specific financial data was retrieved from these sections as follows:

Basic Financial Statements

<u>Total Revenue</u>

Revenues are taken from the Statement of Revenues, Expenditures and Changes in Fund Balances using the Total Governmental Funds column. Revenue used in this investigation includes both operating revenue and non-operating revenue.

In some instances, non-operating revenue was stated net of interest expense. In those cases, the appropriate calculations were performed to reverse the reduction of non-operating revenue to provide a true total of revenue from all sources. Revenue totals were then reconciled with statistics provided in the Basic Financial Statements.

In the case of municipalities, which have diverse sources of revenue, we used revenue as stated in the MD&A section of the relevant audit report.

Total Expenses

Total Expenses came from the Statement of Activities. Expenses cited in this investigation include both operating expenses and non-operating expenses.

Financial data used in this investigation are derived primarily from balance sheets and statements of revenue and expenses.

In the case of municipalities, which have diverse expenses, we used expenses as stated in the MD&A section of the relevant audit report.

Total Assets

The total assets of each entity were collected. Total assets include both short-term assets, long-term assets and capital assets.

Cash Position

Cash positions were considered to include cash and cash equivalents, the standard method of reporting.

Net Position

Net position is the excess of total assets of an entity minus the total liabilities. In the instance where liabilities exceed assets, the net position is negative.

Net Pension Liability

The net pension liability is provided in the Notes section of the audit reports.

<u>Net Pension Liability Sensitivity, +1%</u> The net pension liability sensitivity for +1% is provided in the Notes section of the audit reports.

Net Pension Liability Sensitivity, -1%

The net pension liability sensitivity for -1% is provided in the Notes section of the audit reports.

These statistics are provided in the Notes section of the audit report in compliance with GASB 68 requirements.

Pension contribution

The total contribution for pensions is included in the Notes section of the audit reports. The Grand Jury chose to use pension contributions, rather than pension expense (a new GASB 68 requirement) for comparison purposes with older financial reports.

Total pension contributions for municipalities were stated in at least three separate sections of the CAFR: as a contribution in the Notes section on pensions, in the table labeled "Contributions

subsequent to measurement date" and in the supplementary notes section. In most cases, the pension contribution was identical throughout the report. In some cases there were small differences among the values, and in one case (Town of Fairfax) there were material differences. In all of these cases the Grand Jury chose to use the "Contributions subsequent to measurement date" number and did not attempt to reconcile the differences.

The County of Marin changed its pension contribution reporting methodology in 2015 due to GASB 68. Prior to FY 2015, the County reported its pension contributions with a one-year lag. (For example, the FY 2014 report showed contributions for FY 2013). The result was that FY 2014 pension contributions were not included in either the FY 2014 or FY 2015 CAFR. Accordingly, the Grand Jury obtained FY 2014 pension contributions directly from the County Department of Finance. To address the one-year lag in reporting, the Grand Jury chose to use the contributions made in FY 2013 as provided by the Department of Finance rather than the number reported in the audit reports for FY 2012 & FY 2013.

An explanation of discount rates and present value calculations is presented as Appendix C, Discount Rate Primer.

Termination Statistics

Risk Free Liability of Termination

CalPERS provides to its participating agencies on an annual basis the one-time contribution required for the entity to terminate the pension plan. Under those circumstances, which are rare, CalPERS is no longer able to rely upon annual contributions by the entity to fund retirees and current employees.

CalPERS has determined under these circumstances that the discount rate for a termination must be "risk-free." That is, CalPERS is not willing to assume the risk normally associated with investment of an entity's assets in a balanced portfolio. Accordingly, CalPERS will price the termination discount rate using a combination of the 10-year and 30-year US Treasury obligations.

Neither CalSTRS nor MCERA provide a similar calculation.

Derived Statistics

The Grand Jury created several statistics from the basic financial data to assist in the evaluation of pension liabilities.

Pension Contributions as a Percentage of Revenue

Net Pension Liability as a Percentage of Cash

Net Pension Liability as a Percentage of Assets

Fiscal Year 2015 to Fiscal Year 2016 % Change in Net Pension Liabilities

Appendix C: Discount Rate Primer

Calculating Present Value of an Annuity⁵⁸

The calculation of the value of pension benefits offered to employees can be viewed simply as the present value of an annuity: how much should be paid for an investment at present to produce an expected payment stream in the future. The concept of present value is based on the idea that money has time value. For example, if an investor were offered \$1 today or \$1 in the future, the investor would choose the dollar today because it can be invested to earn interest and produce more than \$1 in the future. When determining how much should be paid today for an investment that is expected to produce income in the future, an adjustment, or discounting, must be applied to income received in the future to reflect the time value of money.

The calculation of present value (PV) for one time period is:

$$PV = FV \frac{1}{(1+i)n}$$

Where:

FV = Future valuei = interest rate n = number of years

Example: How much should an investor put into a savings account today, with a 5% expected return, in order to receive \$100 in a year?

$$PV = 100 \frac{1}{(1+.05)1}$$
$$PV = 95.24$$

Answer: \$95.24

Expanding on this principle, the calculation of an annuity, which spans multiple years, follows:

$$PVA = R \frac{1}{(1+i)1} + R \frac{1}{(1+i)2} + R \frac{1}{(1+i)3} \dots + R \frac{1}{(1+i)n}$$

⁵⁸ Brueggeman, William B. and Fisher, Jeffrey D. (2005) Real Estate Finance and Investments. New York, NY McGraw Hill.

Alternatively:

$$PVA = R \sum_{t=1}^{n} \frac{1}{(1+i)t}$$

Where:

PVA = Present value of an annuity R = payment i = interest rate n = number of years

Example: How much would an investor need to set aside today in order to receive \$100 a year for five years if the interest rate was 5%?

$$PVA = 100 \frac{1}{(1+.05)1} + 100 \frac{1}{(1+.05)2} + 100 \frac{1}{(1+.05)3} + 100 \frac{1}{(1+.05)4} + 100 \frac{1}{(1+.05)5}$$

Answer: \$432.95

Example: If the interest rate was 10%?

Answer: \$379.08

This simple example illustrates how a higher discount rate results in a much lower required initial investment to meet a particular future need.

Appendix D: GASB Primer

The Governmental Accounting Standards Board (GASB), founded in 1984, is an independent, nonprofit, non-governmental regulatory body charged with setting accounting and financial reporting standards for state and local governments. Prior to its founding, accounting standards for all types of enterprises were set by the Financial Accounting Standards Board (FASB).

In November 1994, GASB issued Statement 27, which established standards for accounting and financial reporting of pension benefits. Some of the key parts of GASB 27 were:

- The employer's expense for pensions was equal to the annual required contribution (ARC) as determined by the actuary in accordance with certain parameters, including the frequency of actuarial valuations and the methods and assumptions used.
- If the employer's actual contributions were different than the ARC, the accumulated difference plus interest was reported as the Net Pension Obligation in the employer's financial statements.
- Actuarial trend information was reported as Required Supplementary Information (RSI) to the financial statements, including note disclosures to the RSI.⁵⁹

In June 2012, GASB 68 extensively amended GASB 27:

- Net Pension Liability on the Balance Sheet Government employers that sponsor DB plans will now recognize a net pension liability [on their] balance sheet.
- New Discount Rate The discount rate can continue to be the expected long-term rate of return on plan investments where current assets plus future contributions are projected to cover all future benefit payments. However, plans where current assets plus future contributions are projected not to cover all future benefit payments must use a municipal bond rate to discount the noncovered payments.
- More Variable Pension Expense Pension expense will now be based on the net pension liability change between reporting dates, with some sources of the change recognized immediately in expense and others amortized over years. Service cost, interest on net pension liability, and expected investment earnings
 — as well as liability for any plan benefit change related to past service since the last reporting period must also be expensed immediately.

⁵⁹ Findlay, Gary. "GASB's Pension Accounting Standards: Déjà vu all over again.", *Pensions & Investments*, October 22, 2012

- Changes in actuarial assumptions and experience gains and losses must be amortized over a closed period equal to the average remaining service of active and inactive plan members (who have no future service) — a much shorter than typical period. Investment gains and losses must be recognized in pension expense over closed 5-year periods.
- Cost-sharing Employers (those in plans where assets are pooled and can be used to pay benefits of any employer in the pool) Report a Proportionate Liability – These employers will now report a net pension liability and pension expense equal to their proportionate share of the cost-sharing plan.
- More Extensive Disclosures and Required Supplementary Information More extensive note disclosures are required, including types of benefits and covered employees, how plan contributions are determined, and assumptions/methods used to calculate the pension liability.⁶⁰

GASB 68 was effective for fiscal years beginning after June 15, 2014, which means that FY 2014-2015 was the first year for which it was reflected in the financial statements of the agencies that are the subject of this report.

⁶⁰ "GASB Approves New Pension Accounting Standards.", Bartel Associates, LLC, August 5, 2012

Appendix E: Public Agency Balance Sheet Data

FY 2016		Exapolition of	ter of the					
Municipalities	Assets	Cash	Net Position	NPL	NPL -1%	NPL +1%	NPL% of Assets	NPL % of Cash
City of Belvedere	\$10,054,000	\$3,595,630	\$5,678,000	\$3,080,855	\$5,057,618	\$1,451,306	30.6%	85.7%
City of Larkspur*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City of Mill Valley	\$61,952,000	\$17,919,732	\$4,017,000	\$25,010,100	\$42,044,314	\$10,993,085	40.4%	139.6%
City of Novato	\$375,695,895	\$59,936,536	\$291,122,782	\$32,111,535	\$54,651,732	\$13,464,873	8.5%	53.6%
City of San Rafael	\$300,378,000	\$66,009,979	\$141,542,000	\$142,323,127	\$263,741,368	\$42,614,784	47.4%	215.6%
City of Sausalito	\$93,777,974	\$28,955,501	\$27,987,699	\$19,635,621	\$31,512,817	\$9,872,158	20.9%	67.8%
County of Marin	\$1,992,947,827	\$408,896,116	\$1,390,055,902	\$203,688,484	\$377,458,682	\$60,988,969	10.2%	49.8%
Town of Corte Madera	\$78,944,247	\$15,323,517	\$47,275,642	\$14,263,877	\$22,204,244	\$7,732,353	18.1%	93.1%
Town of Fairfax*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Town of Ross	\$19,557,803	\$10,528,331	\$13,434,401	\$3,548,143	\$5,793,448	\$1,701,623	18.1%	33.7%
Town of San Anselmo	\$29,217,215	\$6,606,250	\$10,925,168	\$5,299,442	\$8,601,144	\$2,573,504	18.1%	80.2%
Town of Tiburon	\$63,662,493	\$21,441,460	\$52,944,160	\$5,412,997	\$10,066,334	\$2,805,016	8.5%	25.2%
Totals	\$3,026,187,454	\$639,213,052	\$1,984,982,754	\$454,374,181	\$821,131,701	\$154,197,671	15.0%	71.1%
School Districts	Assets	Cash	Net Position	NPL	NPL -1%	NPL +1%	NPL% of Assets	NPL % of Cash
Bolinas-Stinson Union School District	\$4,810,121	\$2,828,769	\$1,406,313	\$3,039,017	\$4,710,035	\$1,649,952	63.2%	107.4%
Dixie Elementary School District	\$32,522,470	\$18,194,342	-\$11,279,305	\$18,296,623	\$28,111,026	\$10,138,805	56.3%	100.6%
Kentfield School District	\$36,650,017	\$16,899,110	-\$6,602,777	\$13,427,307	\$20,538,517	\$7,516,633	36.6%	79.5%
Larkspur-Corte Madera School District	\$63,370,037	\$6,262,719	-\$20,314,913	\$15,695,360	\$24,040,435	\$8,759,042	24.8%	250.6%
Marin Community College District	\$297,031,000	\$17,857,000	-\$5,569,000	\$45,723,000	\$74,506,000	\$24,466,000	15,4%	256.1%
Marin County Office of Education	\$71,319,233	\$44,767,583	\$39,274,235	\$21,263,747	\$33,325,302	\$11,236,462	29.8%	47.5%
Mill Valley School District	\$90,032,772	\$21,001,383	-\$22,426,359	\$33,102,435	\$50,864,259	\$18,356,989	36.8%	157.6%
Novato Unified School District	\$144,877,763	\$29,605,956	-\$7,019,803	\$60,585,951	\$93,087,454	\$33,570,412	41.8%	204.6%
Reed Union School District	\$52,162,124	\$10,224,426		\$17,787,987	\$27,309,547	\$9,873,631	34.1%	174.0%
Ross School District	\$35,969,694	\$4,473,827	\$7,390,298	\$5,578,419	\$8,558,914	\$3,101,035	15.5%	124.7%
Ross Valley School District	\$64,424,216	\$18,159,492	-\$13,237,323	\$20,577,136	\$31,530,697	\$11,472,647	31.9%	113.3%
San Rafael City Schools - Elementary	\$123,144,010	\$50,000,124	-\$15,195,483	\$33,037,132	\$50,443,688	\$28,569,426	26.8%	66.1%
San Rafael City Schools - High School	\$109,218,754	\$54,037,304	-\$17,227,292	\$28,004,648	\$43,124,257	\$15,436,855	25.6%	51.8%
Sausalito Marin City School District	\$27,255,480	\$4,092,629	\$2,360,366	\$3,502,310	\$5,426,137	\$1,903,098	12.8%	85.6%
Shoreline Unified School District	\$22,411,328	\$7,043,760	-\$2,374,726	\$10,009,533	\$15,448,543	\$5,488,410	44,7%	142.1%
Tamalpais Union High School District	\$203,339,657	\$42,522,717	\$7,712,183	\$57,699,928	\$88,683,304	\$31,946,196	28.4%	135,7%
Totals	\$1,378,538,676	\$347,971,141	-\$63,753,736	\$387,330,533	\$599,708,115	\$223,485,593	28.1%	111.3%

Special Districts Safety	Assets	Cash	Net Position	NPL	NPL -1%	NPL +1%	NPL % of Assets	NPL % of Cash
Central Marin Police Authority*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kentfield Fire Protection District	\$9,789,704	\$3,507,855	\$2,947,286	\$4,310,797	\$7,233,383	\$1,913,867	44.0%	122.9%
Novato Fire Protection District	\$35,403,303	\$15,930,859	\$10,305,465	\$17,430,800	\$32,301,320	\$5,219,178	49.2%	109.4%
Ross Valley Fire Department	\$3,008,924	\$1,338,192	-\$6,955,625	\$7,800,931	\$13,770,507	\$2,905,473	259.3%	582.9%
Southern Marin Fire Protection District	\$13,349,870	\$9,102,154	\$7,896,367	\$6,033,143	\$11,180,122	\$1,806,460	45.2%	66.3%
Tiburon Fire Protection District	\$11,652,619	\$5,564,687	\$5,444,495	\$5,232,050	\$10,007,964	\$1,314,991	44.9%	94.0%
Total	\$73,204,420	\$35,443,747	\$19,637,988	\$40,807,721	\$74,493,296	\$13,159,969	55.7%	115.1%
Special Districts Utility	Assets	Exclodes Cash	Net Position	6/30/15	NPL -1%	NPL +1%	NPL % of Assets	NPL % of Cash
Central Marin Sanitation Agency	\$106,391,299	\$14,974,538	\$45,625,458	\$6,643,602	\$11,141,784	\$2,929,830	6.2%	14.6%
Las Gallinas Valley Sanitary District	\$81,480,447	\$20,316,117	\$63,883,215	\$2,098,373	\$3,571,571	\$882,077	2.6%	10.3%
Marin Municipal Water District	\$460,030,200	\$16,947,252	\$243,058,604	\$69,753,895	\$96,972,537	\$47,010,300	15.2%	411.6%
Marin/Sonoma Mosquito & Vector Control District	\$19,472,738	\$11,634,371	\$8,780,059	\$4,135,340	\$7,663,272	\$1,238,215	21,2%	35.5%
Marinwood Community Services District	\$6,784,666	\$2,387,836	-\$470,389	\$3,322,116	\$5,238,798	\$1,624,470	49,0%	139.1%
North Marin Water District	\$136,897,391	\$5,411,426	\$92,672,784	\$8,619,837	\$14,579,649	\$3,833,847	6.3%	159.3%
Novato Sanitary District	\$201,851,460	\$19,742,079	\$108,547,505	\$3,528,249	\$6,180,933	\$1,338,148	1.7%	17.9%
Richardson Bay Sanitary District	\$17,826,465	\$1,595,379	\$16,376,465	\$1,101,797	\$1,847,790	\$485,893	6.2%	69.1%
Ross Valley Sanitary District	\$122,064,345	\$18,937,993	\$66,824,699	\$4,506,476	\$7,557,675	\$1,987,357	3.7%	23.8%
Sanitary District # 5 Tiburon-Belvedere	\$30,527,780	\$5,434,555	\$20,083,181	\$1,786,666	\$2,996,362	\$787,920	5.9%	32.9%
Sausalito Marin City Sanitary District	\$46,001,842	\$11,215,025	\$39,986,927	\$1,863,054	\$3,124,472	\$821,607	4.0%	16.6%
Tamalpais Community Services District	\$8,062,948	\$1,575,641	\$1,239,870	\$1,756,793	\$3,255,545	\$526,054	21.8%	111.5%
Total	\$1,237,391,581	\$130,172,212	\$706,608,378	\$109,116,198	\$164,130,388	\$63,465,718	8.8%	83.8%

Appendix E: Public Agency Balance Sheet Data (cont'd)

Appendix E: Public Agency Balance Sheet Data (cont'd)

FY 2015

Municipalities	Assets	Cash	Net Position	NPL	NPL -1%	NPL +1%	NPL % of Assets	NPL% of Cash
City of Belvedere	\$9,635,000	\$2,981,537	\$5,341,000	\$2,821,673	\$5,039,427	\$986,027	29.3%	94.6%
City of Larkspur*	\$45,030,851	\$14,151,668	\$24,277,367	\$9,046,789	\$15,797,243	\$3,467,207	20.1%	63.9%
City of Mill Valley	\$61,653,195	\$20,419,625	\$2,336,678	\$21,174,403	\$37,076,950	\$8,022,272	34.3%	103.7%
City of Novato	\$372,235,251	\$60,646,987	\$284,150,160	\$29,915,448	\$51,486,548	\$11,986,247	8.0%	49.3%
City of San Rafael	\$290,551,982	\$65,829,733	\$151,480,204	\$74,253,787	\$159,506,132	\$3,692,492	25.6%	112.8%
City of Sausalito	\$65,193,649	\$11,696,520	\$17,106,631	\$17,741,671	\$29,127,780	\$8,335,668	27.2%	151.7%
County of Marin	\$1,947,970,000	\$367,440,909	\$1,342,737,000	\$142,013,491	\$304,297,935	\$7,062,046	7.3%	38.6%
Town of Corte Madera	\$74,019,098	\$9,073,608	\$42,936,160	\$12,146,336	\$19,631,470	\$5,958,264	16.4%	133.9%
Town of Fairfax*	\$11,962,960	\$2,463,991	-\$1,376,349	\$6,078,042	\$9,422,128	\$3,314,672	50.8%	246.7%
Town of Ross	\$18,236,166	\$10,234,934	\$11,490,464	\$3,465,264	\$5,999,505	\$1,374,389	19.0%	33.9%
Town of San Anselmo	\$28,956,896	\$5,822,276	\$11,059,337	\$4,002,434	\$7,131,100	\$1,405,939	13.8%	68.7%
Town of Tiburon	\$62,234,833	\$21,280,864	\$52,632,219	\$5,232,395	\$9,162,200	\$1,982,334	8.4%	24.6%
Totals	\$2,987,679,881	\$592,042,652	\$1,944,170,871	\$327,891,733	\$653,678,418	\$57,587,557	11.0%	55.4%
School Districts	Assets	Cash	Net Position	NPL	NPL -1%	NPL +1%	NPL % of Assets	NPL% of Cash
Bolinas-Stinson Union School District	\$4,866,633	\$2,865,817	\$1,587,636	\$2,499,021	\$4,063,986	\$1,192,965	51.4%	87.2%
Dixie Elementary School District	\$32,345,802	\$20,512,452	-\$12,361,898	\$14,791,102	\$23,752,949	\$7,405,888	45.7%	72.1%
Kentfield School District	\$36,671,347	\$16,481,560	-\$7,350,022	\$11,241,124	\$17,845,987	\$5,731,639	30.7%	68.2%
Larkspur-Corte Madera School District	\$67,710,441	\$20,180,460	-\$18,662,067	\$13,339,460	\$21,229,928	\$6,757,236	19.7%	66,1%
Marin Community College District	\$296,646,697	\$16,563,890	-\$1,453,534	\$35,165,000	\$57,576,000	\$16,323,000	11.9%	212.3%
Marin County Office of Education	\$65,200,872	\$40,080,879	\$35,148,165	\$18,141,000	\$29,793,000	\$8,340,000	27.8%	45.3%
Mill Valley School District	\$88,076,729	\$17,389,526	-\$25,517,249	\$26,623,202	\$42,487,967	\$13,316,095	30.2%	153.1%
Novato Unified School District	\$147,677,796	\$30,810,042	-\$9,238,177	\$51,786,928	\$82,735,169	\$25,967,877	35.1%	168,1%
Reed Union School District	\$52,705,559	\$9,360,996	-\$1,378,282	\$13,830,041	\$22,131,664	\$6,904,029	26.2%	147.7%
Ross School District	\$36,049,201	\$3,875,832	\$7,486,041	\$4,733,569	\$7,568,886	\$2,368,118	13.1%	122.1%
Ross Valley School District	\$58,186,120	\$12,864,248	-\$12,811,202	\$16,841,437	\$26,841,518	\$8,499,130	28.9%	130.9%
San Rafael City Schools - Elementary	\$90,671,410	\$18,526,824	-\$21,324,673	\$26,576,187	\$42,069,163	\$13,668,565	29.3%	143.4%
San Rafael City Schools - High School	\$57,092,257	\$17,649,236	-\$32,610,889	\$21,868,291	\$35,163,300	\$10,775,267	38.3%	123.9%
Sausalito Marin City School District	\$27,343,812	\$3,879,729	\$2,795,062	\$2,990,897	\$4,824,034	\$1,461,280	10.9%	77.1%
Shoreline Unified School District	\$22,894,320	\$6,451,291	-\$2,544,996	\$8,800,020	\$14,190,098	\$4,302,465	38.4%	136.4%
Tamalpais Union High School District	\$207,432,180	\$44,567,689	\$3,702,851	\$46,266,492	\$74,079,210	\$23,062,248	22.3%	103.8%
Totals	\$1,291,571,176	\$282,060,471	-\$94,533,234	\$315,493,771	\$506,352,859	\$156,075,802	24.4%	111.9%

Special Districts Safety	Assets	Cash	Net Position	NPL	NPL -1%	NPL +1%	NPL % of Assets	NPL % of Cash
Central Marin Police Authority*	\$16,470,963	\$178,725	-\$1,124,490	\$11,532,085	\$18,375,103	\$5,889,395	70.0%	6452,4%
Kentfield Fire Protection District	\$9,630,272	\$3,261,202	\$1,651,848	\$5,202,429	\$8,026,436	\$2,875,079	54.0%	159.5%
Novato Fire Protection District	\$37,252,657	\$17,461,022	\$3,778,037	\$15,014,710	\$32,172,613	\$746,651	40.3%	86.0%
Ross Valley Fire Department	\$2,499,767	\$912,212	-\$8,316,114	\$7,679,794	\$13,318,349	\$3,033,390	307.2%	841.9%
Southern Marin Fire Protection District	\$12,413,494	\$7,865,476	\$5,848,381	\$3,845,243	\$8,239,354	\$191,216	31.0%	48.9%
Tiburon Fire Protection District	\$11,338,453	\$5,938,906	\$4,874,704	\$6,315,892	\$10,889,109	\$2,546,208	55.7%	106.3%
Total	\$89,605,606	\$35,617,543	\$6,712,366	\$49,590,153	\$91,020,964	\$15,281,939	55.3%	139.2%
Special Districts Utility	Assets	Cash	Net Position	NPL.	NPL -1%	NPL +1%	NPL % of Assets	NPL % of Cash
Central Marin Sanitation Agency	\$109,050,874	\$15,998,126	\$45,345,155	\$6,024,473	\$10,784,954	\$2,073,726	5.5%	37.7%
Las Gallinas Valley Sanitary District	\$77,052,295	\$19,742,483	\$58,063,598	\$1,693,868	\$3,065,929	\$555,188	2.2%	8.6%
Marin Municipal Water District	\$462,338,812	\$19,959,569	\$243,685,640	\$62,139,077	\$87,637,727	\$40,725,228	13.4%	311.3%
Marin/Sonoma Mosquito & Vector Control District	\$18,321,390	\$10,672,765	\$7,632,034	\$3,378,396	\$7,239,023	\$168,001	18.4%	31.7%
Marinwood Community Services District	\$6,030,417	\$1,858,999	-\$294,365	\$3,142,286	\$4,975,627	\$1,628,944	52.1%	169.0%
North Marin Water District	\$134,483,309	\$4,943,414	\$88,155,270	\$6,701,264	\$12,079,630	\$2,237,730	5.0%	135.6%
Novato Sanitary District	\$203,141,502	\$18,102,303	\$105,599,405	\$3,335,896	\$5,943,534	\$1,171,804	1.6%	18.4%
Richardson Bay Sanitary District	\$17,887,393	\$1,303,363	\$16,613,138	\$901,425	\$1,793,212	\$161,327	5.0%	69.2%
Ross Valley Sanitary District	\$119,157,291	\$14,295,359	\$62,983,772	\$3,708,693	\$6,068,264	\$1,750,473	3.1%	25.9%
Sanitary District # 5 Tiburon-Belvedere	\$30,993,246	\$3,622,532	\$18,117,614	\$2,757,064	\$3,943,406	\$1,772,512	8.9%	76.1%
Sausalito Marin City Sanitary District	\$39,718,939	\$9,218,762	\$32,797,172	\$1,759,386	\$3,134,682	\$618,021	4.4%	19.1%
Tamalpais Community Services District	\$8,676,425	\$1,662,061	\$1,698,672	\$1,028,347	\$2,203,480	\$51,138	11.9%	61.9%
Total	\$1,226,851,893	\$121,379,736	\$680,397,105	\$96,570,175	\$148,869,468	\$52,914,092	7.9%	79.6%

Appendix E: Public Agency Balance Sheet Data (cont'd)
Appendix E: Public Agency Balance Sheet Data (cont'd)

2016 Totals

Agencies	Assets	Cash	Net Position	NPL	NPL -1%	NPL +1%	NPL % of Assets	NPL % of Cash
Municipalities	\$3,026,187,454	\$639,213,052	\$1,984,982,754	\$454,374,181	\$821,131,701	\$154,197,671	15.0%	71.1%
School Districts	\$1,378,538,676	\$347,971,141	-\$63,753,736	\$387,330,533	\$599,708,115	\$223,485,593	28.1%	111.3%
Special Districts Safety	\$73,204,420	\$35,443,747	\$19,637,988	\$40,807,721	\$74,493,296	\$13,159,969	55.7%	115.1%
Special Districts Utility	\$1,237,391,581	\$130,172,212	\$706,608,378	\$109,116,198	\$164,130,388	\$63,465,718	8.8%	83.8%
Total	\$5,715,322,131	\$1,152,800,152	\$2,647,475,384	\$991,628,633	\$1,659,463,500	\$454,308,951	17.4%	86.0%

2015 Totals

Agencies	Assets	Cash	Net Position	NPL	NPL -1%	NPL +1%	NPL % of Assets	
Municipalities	\$2,987,679,881	\$592,042,652	\$1,944,170,871	\$327,891,733	\$653,678,418	\$57,587,557	11.0%	55.4%
School Districts	\$1,291,571,176	\$282,060,471	-\$94,533,234	\$315,493,771	\$506,352,859	\$156,075,802	24.4%	111.9%
Special Districts Safety	\$89,605,606	\$35,617,543	\$6,712,366	\$49,590,153	\$91,020,964	\$15,281,939	55.3%	139.2%
Special Districts Safety	\$1,226,851,893	\$121,379,736	\$680,397,105	\$96,570,175	\$148,869,468	\$52,914,092	7.9%	79.6%
Total	\$5,595,708,556	\$1,031,100,402	\$2,536,747,108	\$789,545,832	\$1,399,921,709	\$281,859,390	14.1%	76.6%

Appendix:	F:	Public Ager	icy Income	Statement	Data
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FY 2016

Municipalities	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
City of Belvedere	\$7,855,000	\$7,404,000	\$327,816	4.2%
City of Larkspur*	N/A	N/A	N/A	N/A
City of Mill Valley	\$39,916,000	\$38,133,000	\$2,551,885	6,4%
City of Novato	\$47,954,000	\$42,687,000	\$2,604,320	5.4%
City of San Rafael	\$100,490,000	\$110,893,000	\$19,339,577	19.2%
City of Sausalito	\$26,588,325	\$24,491,036	\$1,763,040	6.6%
County of Marin	\$611,801,000	\$554,877,000	\$48,302,323	7.9%
Town of Corte Madera	\$23,593,928	\$20,264,214	\$1,810,099	7.7%
Town of Fairfax*	N/A	N/A	N/A	N/A
Town of Ross	\$9,264,385	\$7,320,448	\$1,339,398	14.5%
Town of San Anselmo	\$19,216,454	\$19,350,623	\$466,182	2.4%
Town of Tiburon	\$11,341,758	\$11,029,817	\$753,153	6.6%
Totals	\$898,020,850	\$836,450,138	\$79,257,793	8.8%
School Districts	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Bolinas-Stinson Union School District	\$4,070,898	\$4,252,221	\$254,367	6.2%
Dixie Elementary School District	\$25,361,193	\$24,220,753	\$1,463,819	5.8%
Kentfield School District	\$19,712,081	\$18,964,836	\$1,065,278	5.4%
Larkspur-Corte Madera School District	\$21,966,152	\$23,618,998	\$1,214,607	5.5%
Marin Community College District	\$67,403,849	\$82,922,415	\$3,922,649	5.8%
Marin County Office of				

A DECK OWNER A DECK OF A DECK		A	Contribution	as 70 of Revenue
Bolinas-Stinson Union School District	\$4,070,898	\$4,252,221	\$254,367	6.2%
Dixie Elementary School District	\$25,361,193	\$24,220,753	\$1,463,819	5.8%
Kentfield School District	\$19,712,081	\$18,964,836	\$1,065,278	5.4%
Larkspur-Corte Madera School District	\$21,966,152	\$23,618,998	\$1,214,607	5.5%
Marin Community College District	\$67,403,849	\$82,922,415	\$3,922,649	5.8%
Marin County Office of Education	\$56,776,827	\$55,642,573	\$1,851,569	3.3%
Mill Valley School District	\$50,815,837	\$47,724,947	\$2,592,161	5.1%
Novato Unified School District	\$94,185,666	\$91,973,207	\$4,150,779	4,4%
Reed Union School District	\$25,711,228	\$24,983,096	\$1,333,084	5.2%
Ross School District	\$8,748,369	\$8,844,112	\$440,091	5.0%
Ross Valley School District	\$29,323,920	\$29,952,113	\$1,621,067	5.5%
San Rafael City Schools - Elementary	\$62,306,271	\$59,610,089	\$2,888,024	4,6%
San Rafael City Schools - High School	\$37,919,147	\$39,926,631	\$2,009,294	5.3%
Sausalito Marin City School District	\$7,421,237	\$7,798,127	\$253,588	3.4%
Shoreline Unified School District	\$14,823,677	\$14,594,704	\$723,686	4.9%
Tamalpais Union High School District	\$92,371,238	\$88,169,381	\$5,256,408	5.7%
Totals	\$618,917,590	\$623,198,203	\$31,040,471	5.0%

Special Districts Safety	Revenue Zxcludes CAP Contract	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Central Marin Police Authority*	CAP CONTRACT NIA	Include DEPACE N/A	CAFR	N/A
Kentfield Fire Protection District	\$5,014,333	\$4,243,041	\$951,986	19.0%
Novato Fire Protection District	\$27,838,320	\$21,367,857	\$4,848,895	17.4%
Ross Valley Fire Department	\$9,598,396	\$8,237,907	\$1,119,907	11.7%
Southern Marin Fire Protection District	\$14,911,632	\$12,863,646	\$2,072,079	13,9%
Tiburon Fire Protection District	\$7,184,792	\$7,604,639	\$1,471,646	20.5%
Total	\$64,547,473	\$54,317,090	\$10,464,513	16.2%

Special Districts Utility	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Central Marin Sanitation Agency	\$16,952,527	\$16,834,929	\$936,613	5.5%
Las Gallinas Valley Sanitary District	\$12,976,695	\$7,881,853	\$295,427	2.3%
Marin Municipal Water District	\$62,502,430	\$68,704,175	\$5,725,637	9.2%
Marin/Sonoma Mosquito & Vector Control District	\$8,638,747	\$8,584,599	\$968,417	11.2%
Marinwood Community Services District	\$5,837,007	\$6,013,031	\$321,909	5.5%
North Marin Water District	\$17,912,719	\$17,534,252	\$828,792	4.6%
Novato Sanitary District	\$19,299,289	\$16,587,829	\$280,935	1.5%
Richardson Bay Sanitary District	\$2,993,714	\$3,239,823	\$77,297	2.6%
Ross Valley Sanitary District	\$23,623,985	\$19,998,903	\$543,759	2.3%
Sanitary District # 5 Tiburon-Belvedere	\$6,264,746	\$4,558,920	\$1,781,586	28.4%
Sausalito Marin City Sanitary District	\$8,391,876	\$5,167,530	\$276,804	3.3%
Tamalpais Community Services District	\$5,245,439	\$5,655,202	\$308,274	5.9%
Total	\$190,639,174	\$180,761,046	\$12,345,450	6.5%

Municipalities	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
City of Belvedere	\$7,475,000	\$7,191,000	\$280,813	3.8%
City of Larkspur*	\$21,009,094	\$16,693,255	\$802,226	3,8%
City of Mill Valley	\$37,844,000	\$36,158,000	\$2,077,981	5.5%
City of Novato	\$46,154,000	\$41,545,000	\$2,421,183	5.2%
City of San Rafael	\$94,752,000	\$80,572,000	\$17,802,358	18.8%
City of Sausalito	\$20,603,504	\$17,970,673	\$2,007,707	9.7%
County of Marin	\$602,627,000	\$538,354,000	\$41,871,696	6.9%
Town of Corte Madera	\$21,324,184	\$16,988,011	\$1,667,545	7.8%
Town of Fairfax*	\$9,212,366	\$8,630,597	\$1,276,895	13.9%
Town of Ross	\$10,081,926	\$6,667,416	\$217,566	2.2%
Town of San Anselmo	\$18,707,969	\$15,807,161	\$359,492	1.9%
Town of Tiburon	\$12,271,586	\$9,589,263	\$463,611	3.8%
Totals	\$902,062,629	\$796,166,376	\$71,249,073	7.9%

School Districts	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Bolinas-Stinson Union School District	\$4,133,985	\$3,839,557	\$212,334	5.1%
Dixie Elementary School District	\$21,577,176	\$23,137,648	\$1,223,806	5.7%
Kentfield School District	\$17,024,884	\$16,763,254	\$879,311	5.2%
Larkspur-Corte Madera School District	\$19,285,300	\$22,676,756	\$1,016,124	5.3%
Marin Community College District	\$65,743,077	\$76,103,061	\$3,955,070	6.0%
Marin County Office of Education	\$53,863,696	\$53,522,613	\$1,571,597	2.9%
Mill Valley School District	\$46,142,878	\$44,916,603	\$2,194,414	4.8%
Novato Unified School District	\$84,447,074	\$86,629,909	\$3,710,767	4.4%
Reed Union School District	\$23,536,480	\$22,614,955	\$1,130,735	4.8%
Ross School District	\$7,831,472	\$8,062,949	\$367,499	4.7%
Ross Valley School District	\$26,202,736	\$26,800,628	\$1,343,461	5.1%
San Rafael City Schools - Elementary	\$53,530,867	\$52,374,844	\$2,370,708	4.4%
San Rafael City Schools - High School	\$34,638,111	\$35,691,740	\$1,672,501	4.8%
Sausalito Marin City School District	\$6,650,074	\$7,478,427	\$243,111	3.7%
Shoreline Unified School District	\$13,717,171	\$15,547,928	\$684,755	5.0%
Tamalpais Union High School District	\$84,711,887	\$82,324,797	\$3,866,993	4.6%
Totals	\$563,036,868	\$578,485,669	\$26,443,186	4.7%

Special Districts Safety	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Central Marin Police Authority*	\$11,087,891	\$12,682,790	\$1,486,735	13,4%
Kentfield Fire Protection District	\$4,949,898	\$4,477,793	\$828,090	16.7%
Novato Fire Protection District	\$25,295,007	\$21,313,411	\$4,604,649	18.2%
Ross Valley Fire Department	\$8,900,504	\$9,225,977	\$973,697	10.9%
Southern Marin Fire Protection District	\$14,038,197	\$14,067,722	\$759,752	5.4%
Tiburon Fire Protection District	\$6,966,748	\$7,294,411	\$2,159,000	31.0%
Total	\$71,238,245	\$69,062,104	\$10,811,923	15.2%

Special Districts Utility	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Central Marin Sanitation Agency	\$17,873,113	\$16,220,247	\$2,319,236	13.0%
Las Gallinas Valley Sanitary District	\$11,621,316	\$7,930,633	\$266,914	2.3%
Marin Municipal Water District	\$61,455,537	\$69,478,882	\$4,633,745	7.5%
Marin/Sonoma Mosquito & Vector Control District	\$8,396,908	\$9,652,593	\$856,583	10.2%
Marinwood Community Services District	\$5,224,022	\$4,919,009	\$269,828	5.2%
North Marin Water District	\$18,506,716	\$17,456,194	\$669,066	3,6%
Novato Sanitary District	\$18,571,214	\$15,799,078	\$173,410	0.9%
Richardson Bay Sanitary District	\$2,874,017	\$2,976,836	\$69,002	2,4%
Ross Valley Sanitary District	\$22,228,230	\$20,570,289	\$443,292	2.0%
Sanitary District # 5 Tiburon-Belvedere	\$6,316,447	\$4,500,449	\$1,600,837	25.3%
Sausalito Marin City Sanitary District	\$7,640,843	\$5,596,332	\$302,863	4.0%
Tamalpais Community Services District	\$5,161,781	\$5,086,144	\$306,954	5.9%
Total	\$185,870,144	\$180,186,686	\$11,911,730	6.4%

Municipalities	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
City of Belvedere	\$7,151,000	\$7,771,000	\$280,312	3.9%
City of Larkspur*	\$23,430,272	\$16,496,021	\$1,174,703	5.0%
City of Mill Valley	\$35,104,000	\$36,651,000	\$1,832,914	5.2%
City of Novato	\$45,725,000	\$42,849,000	\$4,167,992	9.1%
City of San Rafael	\$93,536,000	\$90,637,000	\$17,576,796	18.8%
City of Sausalito	\$19,374,007	\$18,302,083	\$1,339,935	6.9%
County of Marin	\$578,298,000	\$566,596,000	\$46,803,624	8.1%
Town of Corte Madera	\$18,827,611	\$16,188,853	\$1,591,599	8.5%
Town of Fairfax	\$9,854,550	\$8,703,418	\$964,694	9.8%
Town of Ross	\$7,521,177	\$5,161,437	\$292,890	3.9%
Town of San Anselmo	\$17,157,724	\$15,292,443	\$426,878	2.5%
Town of Tiburon	\$11,283,722	\$9,040,229	\$460,630	4.1%
Totals	\$867,263,063	\$833,688,484	\$76,912,967	8.9%
School Districts	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Bolinas-Stinson Union School District	\$3,682,417	\$3,611,583	\$195,036	5.3%
Dixie Elementary School District	\$20,650,150	\$21,303,737	\$1,075,058	5.2%
Kentfield School District	\$15,874,438	\$15,651,915	\$782,734	4.9%
Larkspur-Corte Madera School District	\$18,407,176	\$18,693,706	\$919,073	5.0%
Marin Community College District	\$58,598,119	\$69,675,296	\$2,747,044	4.7%
Marin County Office of Education	\$54,109,107	\$53,845,241	\$1,488,826	2.8%
Mill Valley School District	\$43,586,940	\$40,709,942	\$1,931,950	4,4%
Novato Unified School District	\$76,012,499	\$80,693,043	\$3,710,767	4.9%
Reed Union School District	\$21,716,462	\$22,510,117	\$1,022,230	4.7%
Ross School District	\$7,437,995	\$7,755,357	\$342,318	4.6%
Ross Valley School District	\$25,052,122	\$25,063,637	\$1,202,960	4.8%
San Rafael City Schools - Elementary	\$48,715,280	\$48,643,315	\$2,003,613	4.1%
San Rafael City Schools - High School	\$33,065,771	\$32,764,963	\$1,458,967	4.4%
Sausalito Marin City School District	\$6,831,391	\$7,212,560	\$223,849	3.3%
Shoreline Unified School District	\$13,215,928	\$14,468,849	\$660,935	5.0%
Tamalpais Union High School District	\$80,916,231	\$78,209,897	\$3,931,527	4.9%
Totals	\$527,872,026	\$540,813,158	\$23,696,887	4.5%

Special Districts Safety	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Central Marin Police Authority*	\$10,971,094	\$12,540,840	\$2,202,617	20.1%
Kentfield Fire Protection District	\$4,346,334	\$4,410,646	\$640,419	14,7%
Novato Fire Protection District	\$24,921,522	\$27,094,328	\$4,365,000	17.5%
Ross Valley Fire Department	\$8,319,924	\$8,100,563	\$757,240	9.1%
Southern Marin Fire Protection District	\$13,177,067	\$12,739,358	\$1,661,560	12.6%
Tiburon Fire Protection District	\$6,338,309	\$5,793,305	\$901,000	14.2%
Total	\$68,074,250	\$70,679,040	\$10,527,836	15.5%

Special Districts Utility	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Central Marin Sanitation Agency	\$16,421,864	\$18,386,011	\$2,724,054	16.6%
Las Gallinas Valley Sanitary District	\$11,490,884	\$8,624,424	\$262,743	2,3%
Marin Municipal Water District	\$70,673,150	\$70,431,104	\$4,576,450	6.5%
Marin/Sonoma Mosquito & Vector Control District	\$7,861,221	\$8,860,632	\$865,130	11.0%
Marinwood Community Services District	\$5,096,846	\$5,133,110	\$408,037	8.0%
North Marin Water District	\$20,817,357	\$20,329,069	\$819,854	3.9%
Novato Sanitary District	\$17,963,721	\$19,865,633	\$258,904	1.4%
Richardson Bay Sanitary District	\$2,824,511	\$3,009,245	\$88,999	3.2%
Ross Valley Sanitary District	\$20,868,467	\$18,309,740	\$796,725	3.8%
Sanitary District # 5 Tiburon-Belvedere	\$5,963,722	\$4,748,503	\$172,890	2.9%
Sausalito Marin City Sanitary District	\$7,486,444	\$5,131,337	\$258,040	3.4%
Tamalpais Community Services District	\$5,149,167	\$5,396,435	\$328,757	6.4%
Total	\$192,617,354	\$188,225,243	\$11,560,583	6.0%

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Municipalities	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
City of Belvedere	\$6,898,000	\$7,778,000	\$360,315	5.2%
City of Larkspur*	\$18,603,639	\$15,991,539	\$1,117,173	6.0%
City of Mill Valley	\$32,911,000	\$35,373,000	\$1,690,435	5.1%
City of Novato	\$42,845,000	\$40,203,000	\$3,600,767	8.4%
City of San Rafael	\$97,329,000	\$84,881,000	\$15,522,832	15.9%
City of Sausalito	\$17,435,854	\$19,290,681	\$1,885,718	10.8%
County of Marin	\$539,291,000	\$578,123,000	\$82,141,000	15.2%
Town of Corte Madera	\$16,917,648	\$15,662,631	\$1,420,037	8.4%
Town of Fairfax*	\$8,185,597	\$8,393,424	\$861,992	10.5%
Town of Ross	\$5,954,371	\$6,908,283	\$426,227	7.2%
Town of San Anselmo	\$16,613,802	\$15,335,139	\$706,204	4.3%
Town of Tiburon	\$10,080,056	\$8,564,576	\$473,302	4.7%
Totals	\$813,064,967	\$836,504,273	\$110,206,002	13.6%
School Districts	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Bolinas-Stinson Union School District	\$4,166,654	\$3,431,372	\$181,797	4.4%
Dixic Elementary School District	\$19,038,568	\$20,037,236	\$1,025,538	5,4%
Kentfield School District	\$15,347,703	\$14,949,309	\$751,520	4.9%
Larkspur-Corte Madera School District	\$16,692,448	\$17,232,998	\$760,498	4.6%
Marin Community College District	\$73,695,039	\$78,071,240	\$2,867,705	3.9%
Marin County Office of Education	\$53,965,926	\$55,824,402	\$1,537,897	2.8%
Mill Valley School District	\$37,909,411	\$36,847,491	\$1,708,730	4.5%
Novato Unified School District	\$74,691,071	\$78,375,760	\$3,564,105	4.8%
Reed Union School District	\$20,866,279	\$20,722,970	\$954,501	4.6%
Ross School District	\$7,208,553	\$7,757,976	\$328,289	4.6%
Ross Valley School District	\$23,544,533	\$23,706,265	\$1,126,078	4.8%
San Rafael City Schools - Elementary	\$45,813,222	\$45,904,573	\$1,891,069	4.1%
San Rafael City Schools - High School	\$29,829,654	\$30,110,447	\$1,349,835	4.5%
Sausalito Marin City School District	\$7,348,906	\$7,412,975	\$222,638	3.0%
Shoreline Unified School District	\$15,141,029	\$13,384,148	\$582,511	3.8%
Tamalpais Union High School District	\$75,744,653	\$73,616,062	\$3,790,319	5,0%
Totals	\$521,003,649	\$527,385,224	\$22,643,030	4.3%

Special Districts Safety	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Central Marin Police Authority*	\$8,760,972	\$9,741,410	\$1,546,456	17.7%
Kentfield Fire Protection District	\$4,266,495	\$4,027,584	\$719,000	16.9%
Novato Fire Protection District	\$23,981,238	\$22,959,399	\$4,347,000	18.1%
Ross Valley Fire Department	\$8,283,616	\$8,324,612	\$1,352,592	16.3%
Southern Marin Fire Protection District	\$13,009,009	\$12,479,816	\$1,798,760	13,8%
Tiburon Fire Protection District	\$5,935,355	\$5,505,107	\$843,000	14.2%
Total	\$64,236,685	\$63,037,928	\$10,606,808	16.5%

Special Districts Utility	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Central Marin Sanitation Agency	\$15,760,045	\$16,292,627	\$1,202,050	7.6%
Las Gallinas Valley Sanitary District	\$11,585,053	\$8,366,225	\$411,624	3.6%
Marin Municipal Water District	\$69,738,216	\$63,938,837	\$3,963,600	5.7%
Marin/Sonoma Mosquito & Vector Control District	\$7,957,709	\$8,665,503	\$891,511	11.2%
Marinwood Community Services District	\$4,770,868	\$5,053,618	\$414,833	8.7%
North Marin Water			1068211	5.7%
District	\$18,605,081	\$16,568,138	\$1,608,211	8.6%
Novato Sanitary District	\$17,332,035	\$15,759,901	\$316,059	1.8%
Richardson Bay Sanitary District	\$2,646,912	\$2,867,406	\$61,929	2.3%
Ross Valley Sanitary District	\$20,314,968	\$16,831,688	\$778,004	3.8%
Sanitary District # 5 Tiburon-Belvedere	\$5,409,761	\$3,786,385	\$186,990	3.5%
Sausalito Marin City Sanitary District	\$6,804,580	\$5,047,168	\$165,778	2.4%
Famalpais Community Services District	\$4,782,049	\$4,925,928	\$278,274	5.8%
Total	\$185,707,277	\$168,103,424	\$10,278,863	5.5%

Municipalities	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
City of Belvedere	\$6,809,417	\$7,082,918	\$386,682	5.7%
City of Larkspur*	\$17,286,549	\$18,920,650	\$1,216,411	7.0%
City of Mill Valley	\$30,695,904	\$32,412,000	\$1,939,954	6.3%
City of Novato	\$47,129,000	\$44,317,469	\$3,897,198	8.3%
City of San Rafael	\$87,243,000	\$84,304,491	\$14,627,709	16.8%
City of Sausalito	\$19,515,672	\$20,402,997	\$2,407,997	12.3%
County of Marin	\$452,987,000	\$461,104,000	\$47,541,000	10.5%
Town of Corte Madera	\$15,809,424	\$14,025,216	\$1,734,141	11.0%
Town of Fairfax*	\$8,032,233	\$8,190,115	\$783,933	9.8%
Town of Ross	\$5,711,293	\$6,086,653	\$744,696	13.0%
Town of San Anselmo	\$15,240,865	\$15,053,414	\$1,103,350	7.2%
Town of Tiburon	\$8,838,698	\$8,520,072	\$509,588	5.8%
Totals	\$715,299,055	\$720,419,995	\$76,892,659	10.7%
School Districts	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Bolinas-Stinson Union School District	\$3,366,497	\$3,171,763	\$168,417	5.0%
Dixie Elementary School District	\$19,027,021	\$19,498,458	\$1,000,029	5.3%
Kentfield School District	\$14,441,839	\$14,841,354	\$731,248	
Larkspur-Corte Madera School District	\$16,554,817	\$16,167,730	\$833,718	5.0%
Marin Community College District	\$73,985,992	\$76,108,423	\$2,628,704	3.6%
Marin County Office of Education	\$56,294,422	\$56,662,756	\$1,537,812	2.7%
Mill Valley School District	\$34,740,584	\$35,382,157	\$1,657,232	4.8%
Novato Unified School District	\$72,505,743	\$77,553,300	\$3,453,655	4.8%
Reed Union School District	\$20,662,117	\$19,941,589	\$918,955	4.4%
Ross School District	\$6,834,205	\$7,670,742	\$296,989	4.3%
Ross Valley School District	\$22,059,245	\$21,179,617	\$1,023,687	4,6%
San Rafael City Schools - Elementary	\$43,858,815	\$43,856,979	\$1,774,074	4.0%
San Rafael City Schools - High School	\$29,847,934	\$29,862,827	\$1,311,053	4.4%
Sausalito Marin City School District	\$7,285,990	\$6,899,490	\$197,027	2.7%
Shoreline Unified School District	\$13,436,120	\$12,479,865	\$546,884	4.1%
Tamalpais Union High School District	\$73,882,043	\$71,289,091	\$3,630,314	4.9%
Totals	\$508,783,384	\$512,566,141	\$21,709,798	4.3%

Special Districts Safety	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Central Marin Police Authority*	\$6,845,710	\$7,930,868	\$1,152,082	16.8%
Kentfield Fire Protection District	\$4,040,717	\$3,935,793	\$706,000	17.5%
Novato Fire Protection District	\$23,162,755	\$23,503,892	\$4,420,000	19.1%
Ross Valley Fire Department	\$6,188,574	\$6,222,678	\$3,822,902	61.8%
Southern Marin Fire Protection District	\$9,514,727	\$8,852,899	\$1,321,376	13.9%
Tiburon Fire Protection District	\$5,692,247	\$5,532,857	\$900,000	15.8%
Total	\$55,444,730	\$55,978,987	\$12,322,360	22.2%

Special Districts Utility	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Central Marin Sanitation Agency	\$15,242,715	\$15,762,771	\$1,130,652	7.4%
Las Gallinas Valley Sanitary District	\$11,493,702	\$6,665,852	\$403,005	3.5%
Marin Municipal Water District	\$61,957,837	\$60,474,500	\$3,962,731	6.4%
Marin/Sonoma Mosquito & Vector Control District	\$7,573,456	\$8,219,315	\$1,820,548	24.0%
Marinwood Community Services District	\$4,115,789	\$4,592,674	\$438,549	10.7%
North Marin Water District	\$15,972,477	\$16,405,522	\$1,031,112	6.5%
Novato Sanitary District	\$16,313,384	\$16,052,483	\$215,351	1.3%
Richardson Bay Sanitary District	\$2,672,170	\$2,658,572	\$60,129	2.3%
Ross Valley Sanitary District	\$22,056,782	\$18,228,904	\$702,054	3.2%
Sanitary District # 5 Tiburon-Belvedere	\$4,927,600	\$3,612,300	\$240,305	4.9%
Sausalito Marin City Sanitary District	\$6,350,068	\$4,319,548	\$315,887	5.0%
Tamalpais Community Services District	\$4,938,176	\$4,935,448	\$249,495	5.1%
Total	\$173,614,156	\$161,927,889	\$10,569,818	6.1%

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Special Districts Utility	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Municipalities	\$898,020,850	\$836,450,138	\$79,257,793	8.8%
School Districts	\$618,917,590	\$623,198,203	\$31,040,471	5.0%
Special Districts Safety	\$64,547,473	\$54,317,090	\$10,464,513	16.2%
Special Districts Utility	\$190,639,174	\$180,761,046	\$12,345,450	6.5%
Total	\$1,772,125,087	\$1,694,726,477	\$133,108,227	7.5%

Totals 2015

Special Districts Utility	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Municipalities	\$902,062,629	\$796,166,376	\$71,249,073	7.9%
School Districts	\$563,036,868	\$578,485,669	\$26,443,186	4.7%
Special Districts Safety	\$71,238,245	\$69,062,104	\$10,811,923	15.2%
Special Districts Utility	\$185,870,144	\$180,186,686	\$11,911,730	6.4%
Total	\$1,722,207,886	\$1,623,900,835	\$120,415,912	7.0%

Totals 2014

Special Districts Utility	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Municipalities	\$867,263,063	\$833,688,484	\$76,912,967	8.9%
School Districts	\$527,872,026	\$540,813,158	\$23,696,887	4.5%
Special Districts Safety	\$68,074,250	\$70,679,040	\$10,527,836	15.5%
Special Districts Utility	\$192,617,354	\$188,225,243	\$11,560,583	6.0%
Total	\$1,655,826,693	\$1,633,405,925	\$122,698,273	7.4%

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Appendix: F: Public Agency Income Statement Data (cont'd)

Totals 2013

Special Districts Utility	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Municipalities	\$813,064,967	\$836,504,273	\$110,206,002	13.6%
School Districts	\$521,003,649	\$527,385,224	\$22,643,030	4.3%
Special Districts Safety	\$64,236,685	\$63,037,928	\$10,606,808	16.5%
Special Districts Utility	\$185,707,277	\$168,103,424	\$10,278,863	5.5%
Total	\$1,584,012,578	\$1,595,030,849	\$153,734,703	9.7%

Totals 2012

Special Districts Utility	Revenue	Expenses	Pension Contribution	Pension Contribution as % of Revenue
Municipalities	\$715,299,055	\$720,419,995	\$76,892,659	10.7%
School Districts	\$508,783,384	\$512,566,141	\$21,709,798	4.3%
Special Districts Safety	\$55,444,730	\$55,978,987	\$12,322,360	22.2%
Special Districts Utility	\$173,614,156	\$161,927,889	\$10,569,818	6,1%
Total	\$1,453,141,325	\$1,450,893,012	\$121,494,635	8,4%

Appendix G: CalPERS Termination Fees

The table below lists the estimated termination payments at assumed rates of 2.00% and 3.25% for participating agencies, excepting school districts, per the annual CalPERS Actuarial Report for 6/30/2015.

AGENCY	NPL as Reported in FY 2015 Financials	Assumed Discount Rate 2.00%	Assumed Discount Rate 3.25%
Central Marin Police Authority*	\$6,024,473	\$71,565,039	\$51,696,369
Central Marin Sanitation Agency	\$3,324,578	\$45,302,181	\$33,168,333
City of Belvedere	\$2,821,673	\$22,330,041	\$16,034,899
City of Larkspur	\$9,046,789	\$64,068,837	\$46,794,380
City of Mill Valley	\$21,174,403	\$164,006,306	\$119,143,571
City of Novato	\$29,915,448	\$210,899,167	\$154,434,070
City of Sausalito	\$17,741,671	\$111,095,700	\$80,854,968
College of Marin - CalPERS	\$14,503,000	\$4,413,804	\$3,117,900
Kentfield Fire Protection District	\$5,202,429	\$25,682,839	\$18,599,480
Las Gallinas Valley Sanitary District	\$1,693,868	\$12,363,061	\$9,004,250
Marin Municipal Water District	\$62,139,077	\$291,279,084	\$222,708,365
Marinwood Community Services District	\$3,142,286	\$19,402,506	\$13,677,782
North Marin Water District	\$6,701,264	\$46,278,897	\$34,041,789
Novato Sanitary District	\$3,335,896	\$23,194,067	\$17,250,223
Richardson Bay Sanitary District	\$901,425	\$6,964,774	\$5,134,984
Ross Valley Fire Department	\$7,679,794	\$56,572,810	\$40,834,714
Ross Valley Sanitary District	\$3,708,693	\$21,982,458	\$16,055,544
Sanitary District # 5	\$2,757,064	\$11,272,815	\$8,312,243
Sausalito Marin City Sanitation District	\$1,759,386	\$12,874,490	\$9,642,427
Tiburon Fire Protection District	\$6,315,892	\$42,833,280	\$30,695,410
Town of Corte Madera	\$12,146,336	\$77,386,425	\$56,430,103
Town of Fairfax	\$6,078,042	\$40,460,118	\$29,676,098
Town of Ross	\$3,465,264	\$24,932,090	\$17,959,639
Town of San Anselmo	\$4,002,434	\$59,135,515	\$44,288,748
Town of Tiburon	\$5,232,395	\$38,702,774	\$28,540,001
TOTAL	\$240,813,580	\$1,504,999,078	\$1,108,096,290

Appendix J: Private Pension Discount Rates

The table below lists the discount rates used by the 10 largest US corporate pension funds by total assets under management. Information was obtained from the 2015 Annual Reports and 10K filings of the listed corporations.

Corporation	oration Pension Fund Assets (SMils.)		OPEB Discount Rate
Boeing	\$101,931	4.20%	3.80%
IBM	\$96,382	4.00%	3.70%
AT&T	\$83,414	4.60%	4.50%
General Motors	\$82,427	3.73%	3.83%
General Electric	\$70,566	4.38%	NA
Lockheed Martin	\$63,370	4.38%	4.25%
Ford	\$55,344	4.27%	4.22%
Bank of America	\$51,000	4.51%	4.32%
UPS	\$46,443	4.40%	4.18%
Northrop Grumman	\$43,387	4.53%	4.47%
Average		4.30%	4.14%



September 1, 2017

MEMORANDUM

To: Board of Directors

From: Ryan Grisso, Water Conservation Coordinator

Subject: FY 17 Water Conservation Year End Report V:Memos to Board\Quarterly Reports\Year End Report 16_17\Water Conservation FY 2016_2017 Year End Report.docx

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None

Water Conservation and Public Outreach Summary

This memo provides an update on all water conservation and public outreach activities implemented during Fiscal Year 2016/2017 (FY 17). Water Conservation participation numbers for FY 17 and previous two fiscal years are summarized in Table 1 below.

Table 1: Year End Water Conservation Program Participation (July through June: 2014 - 2017)

Program	FY 17	FY 16	FY 15
Water Smart Home Surveys	385	224	364
Water Smart Commercial Surveys	10	5	7
High Efficiency Toilet Replacements (Residential)	211	354	352
High Efficiency Toilet Replacements (Commercial)	3	4	17
Retrofit on Resale (Dwellings Certified)	278	236	288
High Efficiency Washing Machine Rebates	55	103	155
Cash for Grass Rebates	59 ⁽¹⁾	132	133
Water Smart Landscape Rebates	8	7	8
Water Smart Irrigation Controller Rebates	11	7	8
New Development Approvals (Residential)	36	28	27
New Development Approvals (Commercial)	23	21	22
Large Landscape Audits (measured by number of accounts)	0	8	0
Large Landscape Budgets (measured by number of accounts)	438	438	438

(1) Cash for Grass participants removed 51,432 square feet of turf versus 132,226 in FY 16 and 114,341 in FY 15.

Water Conservation Programs

<u>Water Smart Home Survey (WSHS) Program</u>: This program provides the customer with an in-depth analysis of both their indoor and outdoor water use with water efficient recommendations for customers to implement. The WSHS Program also provides staff with an opportunity to present applicable rebate programs to which the participating customer may be eligible. Participation has increased this year with 385 WSHS' completed compared to 224 in the previous year. This increased amount is in part due to drought recovery water use and the high water use inquiries between July and December resulting from the meter reading issue.

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In addition to the WSHS program, the District has worked with Rising Sun Energy Center to implement the Green House Call program since 2007. The Green House Call Program, jointly funded by energy and water providers, is offered to homeowners and renters throughout the bay area. The program checks homes for energy and water efficiency and provides personalized recommendations for further savings (focusing mainly on indoor conservation). In FY 17, 194 Green House Calls were performed in the Novato Service Area.

<u>Water Conservation Fixture Distribution</u>: The District continues to distribute water conserving fixtures at the front counter of the District Administration Building, on service calls and WSHS, and at various public outreach events. Fixtures include 1.5 to 2.0 gallon per minute (GPM) showerheads, 1.0 and 0.5 GPM sink aerators, hose nozzles (when available) and other related items. We also offer commercial establishments installation of 0.5 GPM sink aerators on all hand-washing sinks when conducting a Water Smart Commercial Survey.

<u>High Efficiency Toilet (HET) Replacement Program</u>: The District provides \$100 rebates for residential and commercial customers, for purchase and installation of qualified HETs (1.28 gallons per flush) and \$150 rebates for customers installing Ultra High Efficiency Toilets (1.1 gallons per flush or less). During FY 17, the District rebated 211 residential toilets (20 of which were UHET). In the future, staff will likely recommend the elimination of the HET rebate and retain the \$150 UHET rebate in an effort to continue market transformation and persuade stores to carry more UHET rebate eligible product.

<u>Retrofit on Resale</u>: The District currently requires toilets (1.6 gallons per flush or less), showerheads (2.0 gallons per minute) and bathroom sink aerators (1.5 gallons per minute) to be certified by the seller before the close of escrow of any property sold in the District service area. Toilet rebates are available and fixtures (showerheads and sink aerators) are available free to customers to help ease compliance with this requirement. In FY 17, the District received water conservation certificates for 278 properties sold in Novato.

<u>High Efficiency Clothes Washer Rebate Program</u>: The District currently offers rebates for qualified high efficiency clothes washing machines through the Sonoma-Marin High Efficiency Clothes Washer Program, with rebates paid directly by the District (\$50 rebate). In FY 17, the District rebated 55 clothes washing machines.

<u>Cash for Grass Rebate Program</u>: The District rebated 59 Cash for Grass projects, removing 51,432 square feet of automatically irrigated turf in FY 17. Cash for Grass program participation levels dipped back down to more historical "pre-drought" participation levels. In addition to the Cash for Grass participation, the District also had 2 customers participate in the

WC FY16-17 Year End Report September 1, 2017 Page 3 of 5

"Lawn be Gone" sheet mulching program which eliminated another 1,600 square feet of irrigated turf.

<u>Water Smart Landscape Rebate Program:</u> The District rebates customers for improving landscape water use efficiency. Rebates are provided for drip irrigation installations, multi-stream/low volume sprinkler retrofits, mulch, rain sensors and other efficient retrofits. In FY 17, the District rebated 8 projects.

<u>Water Smart Irrigation Controller Rebate Program</u>: Rebates are available for purchase, installation and activation of District approved Smart Irrigation Controllers (Smart Controllers) at a minimum level of \$200, or \$30 per active station, up to \$1,200. This rebate also extends to large landscape customers on a per meter basis. In FY 17 the District rebated 11 qualified controllers.

Large Landscape Water Conservation Program: The Large Landscape Water Conservation Program consists of the Large Landscape Audit Program, the Large Landscape Budget Program, Water Smart Controller Rebate Program (previously covered in the Water Smart Irrigation Controller Rebate Program section) and the Large Landscape Water Smart Landscape Efficiency Rebate Program. All programs are aimed at assisting large landscape accounts (dedicated irrigation and large mixed use meters) to become more water use efficient in their landscape water management practices. Large landscape activities in FY 17 were focused solely on recycled water onsite retrofit conversions and no water conservation audits were performed.

In addition to the District Large Landscape conservation efforts, the Sonoma Marin Saving Water Partnership implements the Qualified Water Efficient Landscaper (QWEL) trainings throughout the year.

<u>Commercial Water Conservation Program</u>: The Commercial Water Conservation Program currently offers the HET Rebate Program (previously covered in the High Efficiency Toilet Replacement Program), Water Smart Commercial Survey (WSCS), and a High Efficiency Clothes Washing Machine Rebate. In FY 17, staff completed 10 WSCS and rebated 3 HETs.

<u>New Development Requirements</u>: The District's New Development Requirements specify innovative and "state of the art" water efficiency measures for all new construction in both service areas. These requirements are enforced through water service agreements and the District's signature requirement for all applicable final occupancy permits with the City of Novato Building Department and Marin County Building Department. In FY 17, staff inspected and approved 36 residential projects and 23 commercial projects. WC FY16-17 Year End Report September 1, 2017 Page 4 of 5

Public Outreach and Conservation Marketing

The Fall 2016 issue of *"Water Line"* was mailed out to Novato and West Marin service areas in November 2016 and focused on the continuing drought and State mandated water use regulations. The Spring 2017 issue of *"Water Line"* was mailed out to customers in early June 2017 and focused on the revised State Water Conservation Regulations for 2017. These newsletters continue to be the main source for information distribution to the customers in each service area.

The District also actively maintains a Facebook page with regular updates on water use efficiency, water use restrictions, and other District activities. District staff has also created a Nextdoor account and plans to use this emerging local neighborhood networking tool for future public information communications. The District also placed newspaper advertisements, and staffed outreach events, such as the Novato Farmer's Market, Eco Friendly Garden Tour, and Tour of Novato during FY 17.

In addition to the public information and outreach efforts directly implemented by the District, the Sonoma Marin Saving Water Partnership implemented a water use efficiency outreach campaign in 2017, which resulted in extensive advertising in newspapers in the Novato service area.

Water Conservation Budget and Staffing

Table 2 summarizes and compares the year end budget expenditures between the last three fiscal years (FY 15, FY 16 and FY 17). The FY 17 budget was increased to \$460,000 in FY 17 and expenditures were well below budget as program participation dipped in Cash for Grass and other rebate programs.

	FY17	FY 16	FY 15
Total Budget	\$460,000	\$410,000	\$445,000
Actual Expenditures	\$339,287	\$379,938	\$461,127

Table 2: Water Conservation and Public Outreach Expenditures (July 2015-June 2017)

<u>Staffing:</u> Water Conservation is currently staffed by one full time Water Conservation Coordinator and one half-time Water Conservation Technician. The District has also partnered with Sonoma County Water Agency through the Sonoma-Marin Saving Water Partnership to implement some of the District Water Conservation Programs including the WSHS program.

Prop 84 Grant Funding: The District was awarded a Prop 84 Round 1 Grant (\$183,750 allocated to the District) back in 2013, through the Sonoma County Water Agency (SCWA) and

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other Bay Area Agencies, which helped fund HET rebates, Cash for Grass rebates, Smart Controllers, and Clothes Washer rebates. The Grant period ended June 30, 2015, and the District received a total of \$187,000 (a slight increase from our original allocation was transferred due to other participants not fully expending their allocation). The Prop 84 Round 2 Grant (\$33,000 allocated to the District) started July 1, 2015, funding only Cash for Grass rebates and the accelerated increase in participation due to the drought, helped push the grant refund amount to the full \$33,000 in FY 16. Prop 84 Round 3 Grant (\$94,000 allocated to the District) started as Round 2 allocations were fully depleted at the beginning of FY17. Round 3 funds Cash for Grass, High Efficiency Toilet and Clothes Washer rebates, and we have expended \$45,030 of that funding amount.



MEMORANDUM

To: Board of Directors

Date: September 1, 2017

From: Rocky Vogler, Chief Engineer $1^{2}\sqrt{2}$

Subject: FY17 – Engineering Department Year End Report R:\CHIEF ENG\VOGLER\BUDGETS\FY 16-17\Eng Dept Perf Recap-4th Qtr 16-17.doc

The purpose of this memo is to provide a year-end status report to the Board on the District's performance in completing budgeted FY16-17 Capital Improvements Projects (CIP). The following information is being provided to supplement the progress report summary provided to the Board each month.

<u>SUMMARY</u>

Service Areas	Project (Costs (\$)	<u>% Con</u> @ 6/3		<u>Earned \</u> @ 6/3	
	Budget (\$)	Actual (\$)	Planned	Actual	Planned	Actual
Novato Water	8,341,000	1,443,559	100	61	7,701,000	681,300
Novato Recycled	7,680,000	10,653,988	75	73	7,580,000	9,583,928
West Marin	835,000	235,384	78	72	715,000	196,160
TOTAL	16,856,000	12,332,931	84	69	15,996,000	10,461,388

The above project costs show that actual respective CIP expenditures for Novato Water and Recycled Water Service Areas were 17% and 139% of the approved FY16-17 budgets (versus respective mid-year forecasts of 27% and 99%). With respect to West Marin (including Oceana Marin), CIP expenditures were 28% of the approved FY16-17 budget value (versus a mid-year forecast of 40%).

Performance Status for Capital Improvement Projects

The attached tables and figures summarize the District's year-end performance in completing FY16-17 Capital Improvements Projects. This review encompasses all District CIP's in both Novato and West Marin.

A total of 34 projects were originally budgeted in FY16-17 for the Novato, West Marin and Oceana Marin service areas (see Attachments A and B). Thirteen projects were added, two were carried over and five projects were deferred or dropped resulting in an adjusted budget total of 44 projects (versus 26 projects in the prior fiscal year). Of these 44 Capital Improvement Projects, 21 are under the lead responsibility of the Engineering Department for completion (17 in Novato and 4 in West Marin). The remaining projects are under the responsibility of the other departments: Maintenance (10), Operations (10) and Administration (3). A detailed project milestone schedule is provided in Attachment C.

At year end, 22 of the 34 projects scheduled for completion in FY16-17 have been completed by all departments. When broken down by service areas, 16 of the Novato CIPs have been completed and 6 West Marin CIPs have also been finished.

FY16-17 CIP 4th Qtr Status Report Memo September 1, 2017 Page 2 of 3

Novato Service Area Project Costs Variances

Of the 16 FY16-17 Novato Water CIPs that were completed, all but two projects (i.e., 13% were completed at or below original budget. When reviewing total project expenditures for all Novato Water Capital Improvements, it is apparent that no budget augmentation was needed during this fiscal year.

Novato Recycled Water Service Area Project Costs Variances

As shown in Attachment B, two of the three Novato Recycled Water projects have exceeded the original budgets. Most notably, the Recycled Water Central Service Area project exceeded the \$7.5 Million FY 17 budget by approximately \$3 Million, since the project was constructed more rapidly than initially anticipated and costs originally budgeted for FY 18 were instead advanced into FY 17. Once completed, total FY17 and FY18 costs for this project are anticipated to be at or near the current two-year authorized amount of \$14.065 Million. In addition, The FY17 NBWRA Grant Program Administration Cost overrun was attributed to a Phase 1 "true-up" reallocation cost of \$173,000 related to additional grant funds being made available to NMWD.

West Marin Service Area (including Oceana Marin) Project Costs Variances

All but one of the FY16-17 West Marin projects were completed at or below the original budget and no budget augmentation was required during this fiscal year.

Engineering Department Labor Hours

The Engineering Department provides a multitude of functions supporting overall operation, maintenance and expansion of water facilities. The major work classifications are: (1) General Engineering, (2) Developer Projects and (3) District (i.e., CIP) Projects. Out of the approximately 15,060 engineering labor hours available annually (excluding Conservation), the FY16-17 labor hour budget for Developer Projects and District Projects is 1,480 (10% of total) and 4,032 (27% of total), respectively. A chart of actual hours expended versus budgeted hours for both Developer and District projects during FY16-17 is provided in Attachment C. At the end of the fourth quarter, actual engineering labor hours expended for Developer work was 781 hours (versus 989 in FY15-16). With respect to District Projects, 3,575 engineering labor hours have been expended (versus 4,640 in FY15-16) on Capital Improvement Projects.

FY16-17 CIP 4th Qtr Status Report Memo September 1, 2017 Page 3 of 3

FY 16-17

CAPITAL IMPROVEMENTS PROJECTS

	NOVATO	WEST MARIN/	
PROJECTS BUDGETED	SERVICE AREA	OCEANA MARIN	TOTAL
Original Budget	27	9	36
Added	8	5	13
FY 15-16 Carryover	2	0	2
Deferred/Dropped	2	3	5
Adjusted Budget	35	11	46

FY15-16 CARRYOVER

Novato

Zone A Pressure Improvements – BMK Intertie Deer Island Wet Well Drain

West Marin

None

DEFERRED/DROPPED

Novato

San Mateo 24" Inlet/Outlet Pipe Automate Zone Valve (Slowdown Ct) Office Emergency Generator

West Marin

Tahiti Way Power Relocation Design/Install 8th Disposal Trench 9,300' ACP Sewer Reline (6" @ 3,000')

PROJECTS ADDED

Novato

Center Rd 6" CIP (8' @ 1,200') Country Lane Pipeline Repl (6" @ 400') Meter Relocations: Plum St (14 servs, 1 FH) Replace PB in Sync w/County Project No. 2017-01 Dam Monitoring Repairs Rebuild Centrisys Centrifuge @ STP STP Discharge 2" Line Replacement PG&E Power to Reservoir Hill Tank

West Marin

Repair Retaining Wall @ IP Tank #2 OM Dosing Siphon Repairs Lagunitas Creek Bridge Pipeline Replacement Olema Pump Station – Raise/Relocate – FEMA OM Waste Water Treatment Pond – FEMA

Date Brought to Board

First Quarter Report First Quarter Report

First Quarter Report First Quarter Report Second Quarter Report

First Quarter Report Second Quarter Report Second Quarter Report

Second Quarter Report Second Quarter Report Second Quarter Report Third Quarter Report Second Quarter Report Third Quarter Report Fourth Quarter Report Second Quarter Report

Third Quarter Report First Quarter Report Fourth Quarter Report Fourth Quarter Report Fourth Quarter Report

				AS O	F JUNE 30, 2017					
TATUS	DEPT	ITEM #	PROJECT NO.	DESCRIPTION	PROJECT Budget	COSTS Actual	% COMPL Baseline	Actual	EARNED Planned	Actual
				EPLACEMENTS/ADDITIONS	Buuget	Actual	Busenne			
~	Eng	1		Ridge Rd 6" ACP (8" @ 1,400')	\$315,000	\$52,152	100	25	\$315,000	\$13,03
	Eng	2		Center Rd 6" CIP (8' @ 1,200')	\$0	\$30,329	100	10	\$0	\$3,03
	Eng	3		San Mateo 24" Inlet/Outlet Pipe	\$150,000	\$12,533	100	5	\$150,000	\$63
	Eng			Repl PB in Sync w/City Paving	\$70,000	\$0				
	Eng		1.c.2	Other PB Replacements	\$200,000	\$0				
	Eng	4	1.c.3	Country Lane Pipeline Repl (6"@ 400')	\$0	\$5,997	100	10	\$0	\$60
;	Eng	5		Meter Relocations: PlumSt (14 servs, 1 FH)	\$0	\$61,844	100	100 100	\$0 \$0	\$61,8 \$16,9
;	Eng	6		Replace PB in Sync w/County Project No. 2017-01	\$0	\$16,988 \$0	100	100		\$10,9
			1.d.2	Other Relocations SubTotal	\$80,000 \$815,000	\$179,843				
				Subrolar	\$615,000	\$175,045				
			2 SYSTEM IN	PROVEMENTS						
;	Maint	7		RTU Upgrades	\$15,000	\$14,508	100	100	\$15,000	\$14,5
	Eng	8		DCDA Repair/Replace	\$190,000	\$88,231	100	75	\$190,000	\$66,1
5	Eng	9		Anode Installations	\$30,000	\$13,318	100	100	\$30,000	\$13,3
>	Maint	10	2.d	Radio Telemetry	\$25,000	\$20,568	100	100	\$25,000	\$20,5
	Maint		2.e	Tank Access Hatch/Level Alarms (work done in 15-16)	\$40,000	\$0				
				Automate Zone Valve (Slowdown Ct) DEFER	\$100,000	\$0			\$3,000,000	\$193,0
°C	Admin	11		AMI Retrofit (Pilot Study/Install)	\$3,000,000	\$772,182	<u> </u>	25 100	\$3,000,000	\$193,0
)	Maint	12		Facilities Security Enhancements	\$25,000	\$16,023 \$9,800	100	100	\$25,000	\$9,8
2	Maint	13	2.i	25 Giacomini Exterior Paint	\$8,000 \$0	\$9,800 \$65,598	100	100	\$0,000	\$65,5
2	Eng	14	2.j	<zone -="" a="" bmk="" improvements="" intertie="" pressure=""> SubTotal</zone>	\$3,433,000	\$1,000,228		100		400,0
				30010001	\$0,400,000	φ1,000,220				
			3. BUILDINGS	S, YARD, & S.T.P. IMPROVEMENTS						
	Admin	15		Electronic Document Management System	\$150,000	\$0	100	0	\$150,000	
			3.a.2	Office Emergency Generator - DEFER	\$150,000	\$0				
	Admin	16	3.a.3	Office/Yard Building Refurbish Design (1st yr)	\$3,000,000	\$51,870	100	50	\$3,000,000	\$25,9 \$46,7
C	Eng	17	3.b.1	SMART Crossing Upgrade (Golden Gate Pi)	\$58,000	\$46,704	100	100 100	\$58,000 \$70,000	\$9,9
)	Eng	18	3.c.1	Dam Concrete Repair	\$70,000	\$9,947 \$0	100	0	\$150,000	φ3,5
	Maint	19		STP Emergency Power Generator	\$150,000 \$50,000	\$0	100	0	\$50,000	
	Ops	20		Lake Backfeed DeChlorination System	\$30,000	\$22,248	100	100	\$0	\$22,2
0	Eng	21		Dam Monitoring Well Repairs Rebuild Centrisys Centrifuge @ STP	\$0	\$36,361	100	100	\$0	\$36,3
<u> </u>	Ops	22		STP Discharge 2" Line Replacement	\$0	\$9,945				
	Ops	23	3.0.0	SubTotal	\$3,628,000					
				TANKS & PUMP STATIONS	\$120.000	\$39,156	100	25	\$120,000	\$9,7
°C	Eng	24		San Mateo Recoat (1st year)	\$120,000		100	100	\$165,000	\$3,0
2	Maint	25		Lynwood PS Motor Control Center San Marin PS Can Rehab	\$165,000		100	100	\$30,000	\$29,0
<u> </u>	Maint	26 27		San Marin PS Can Renab	\$30,000		100	0	\$30,000	·,
PC	Maint Eng	27		Crest PS (design/const)/Reloc School Rd PS	\$120,000		100	20	\$120,000	\$3,0
ru	Eng	20	4.6	SubTotal	\$465,000					
				Novato Water Total	8,341,000		100	61	\$7,701,000	\$681,3
				WATER FACILITY	\$80.000	\$194,636	100	100	\$80,000	\$194,6
C	Eng	29		NBWRA Grant Program Administration	\$80,000	-V	100	90	\$7,500,000	
PC	Eng	30		Recycled Water Central Service Area	\$7,500,000	Chevrolation and the second se	100	100	\$0	
2 PC	Ops	31		PG&E Power to Reservoir Hill Tank	\$0		0	0	\$0	
-0	Ops Eng	32		Other Recycled Water Expenditures	\$100,000	\$0				
			5.11	Novato Recycled Total	\$7,680,000	\$10,653,988	75	73	\$7,580,000	
				Total Novato	\$16,021,000	\$12,097,547	88	67	\$15,281,000	\$10,265,2
C - Com				PROJECT FORECAST REVISED Baseline projects with revised forecast budget increases (indic	ated by shaded h					1
PC - Part	ally con	npleted		Baseline projects with revised forecast budget increases (indicases (indicases)) Baselined projects to be deferred (indicated in strikeout)	aled by shaued L					
	1	1	1	Dascinica projects to be deterred (indicated in strikeout)						1
			1	New projects added (indicated in bold)		1	1			

					[T			
				WEST MARIN CAPITAL IMPRO	VEMENT PROJEC	T SUMMARY FY	/16-17			
	AS OF JUNE 30, 2017									
STATUS	DEPT	ITEM #	PROJECT NO.	DESCRIPTION	PROJECT	COSTS	% COM		E A DALED	
017100			TROJECT NO.	DESCRIPTION	Budget	Forecast	Baseline	Actual	EARNED Planned	
			6. West Marin	Water System	Buuget	FUIECast	Dasenne	Actual	Planneo	Actual
			System Improv							
PC	Eng	33		Replace PRE Tank #4A	\$450,000	\$38,467	100	50	\$450,000	\$19,23
С	Ops	34		Green Sand Filter Media Replace	\$75,000	\$21,977	100	100	\$75,000	\$21,97
	Eng	35	6.c	New Gallagher Well #2	\$100,000	\$0	100	0	\$100,000	\$
С	Maint	36		Repair Retaining Wall @ IP Tank #2	\$0	\$19,323	0	100	\$0	\$19,323
	Eng	37	6.e	Lagunitas Creek Bridge Pipeline Replacement	\$0	\$0	0	0	\$0	\$(
	Ops	38		Olema Pump Station - Raise/Relocate-FEMA	\$0	\$353				
					\$625,000	\$80,120				
			7. Oceana Ma	rin Sewer System						
C	Ops	39		Infiltration Study & Repair	\$40,000	\$39,195	100	100	\$40,000	\$39,195
	Eng			Design/Install 8th Disposal Trench 9,300') DEFER	\$50,000	\$15,674				\$0
С	Ops	40		Tahiti Way Lift Pumps Rebuild	\$20,000	\$33,114	100	100	\$20,000	\$33,114
			7.d	Tahiti Way Power Relocation DEFER	\$20,000	\$0				
С	Ops	41		North St Lift Station Communication Upgrade	\$30,000	\$6,440	100	100	\$30,000	\$6,440
				ACP Sewer-Reline (6" @ 3,000') - DEFER	\$50,000	\$0				
С	Eng	42	7.g	OM Dosing Siphon Repairs	\$0	\$56,877	100	100	\$0	\$56.877
	Ops	43	7.h	OM Waste Water Treatment Pond - FEMA	\$0	\$3,964				
				SubTotal	\$210,000	\$155,264				
				Total West Marin	\$835,000	\$235,384	78	72	\$715,000	\$196,160
				FY16-17 TOTAL	\$16,856,000	\$12,332,931	84	69	\$15,996,000	\$10,461,388
¹ C - Comp	leted			PROJECT FORECAST REVISED						
PC - Partia	ally com	oleted		Baseline projects with revised forecast budget increases (indi	cated by shaded b	ox)				
				Baselined projects to be deferred (indicated in strikeout)						
				New projects added (indicated in bold)						
				Prior year projects carried over indicated in italics						

)	Task Name	Start	Finish	%	Resp	Qtr 1, 2017	Qtr 2, 2017 Oct Nov Dec	Qtr 3, 2017	Qtr 4, 2017 Apr May Ju
	1 A PIPELINE REPLACEMENTS/ADDITIONS	Fri 7/1/16	Fri 6/30/17	Complete 0%		Jui Aug Sep		Curl 1 Co / Mai	
2	1A1 Ridge Rd 6" ACP (8"@1,400')	Fri 7/1/16	Fri 6/30/17		ENG / CC			1	
5	1A2 Center Rd 6" CIP (8" @1,300') (NEW)	Fri 7/1/16	Fri 6/30/17		ENG / DJ				
1	1B MAIN/PIPELINE ADDITIONS	Fri 7/1/16	Fri 6/30/17	0%					
01 01	1B1 San Mateo 24" Inlet/Outlet	Fri 7/1/16	Fri 6/30/17	5%	ENG / DJ				
;	2 SYSTEM IMPROVEMENTS	Fri 7/1/16	Fri 6/30/17	0%	1				
	2A RTU Upgrades	Fri 7/1/16	Fri 3/31/17	100%	MAINT/RC				
	2B DCA Repair/Replace (14/yr)	Fri 7/1/16	Fri 6/30/17	75%	ENG / DJ		1		
-	2C Anode Installations (150/yr)	Fri 7/1/16	Thu 3/30/17	100%	ENG / CC				
2	2D Radio Telemetry	Fri 7/1/16	Fri 3/31/17	100%	MAINT/RC				
1	2E Tank Access Hatch/Level Alarms	Fri 7/1/16	Fri 3/31/17	0%	MAINT/RC				
2	2F Automate Zone Valve (Slowdown Ct) DEFER	Fri 7/1/16	Fri 6/30/17	0%	ENG / DJ				
3	2G AMI Retrofit (Pilot Study/Install)	Fri 7/1/16	Fri 6/30/17	25%	ADMIN / DB				
4	2H Facilities Security Enhancements	Fri 7/1/16	Fri 6/30/17	100%	MAINT/RC				1
5	2I 25 Giacomini Exterior Paint	Wed 3/1/17	Fri 6/30/17	100%	MAINT/RC				1
6	3 BUILDING, YARD, STP IMPROVEMENTS	Fri 7/1/16	Fri 6/30/17	0%					
7	3A ADMIN BUILDING	Fri 7/1/16	Fri 6/30/17	0%					
8	3A1 Electronic Document Management System	Fri 7/1/16	Fri 6/30/17	0%	ADMIN / KY				
9	3A2 Office Emergency Generator DEFER	Fri 7/1/16	Fri 6/30/17	0%	MAINT/RC				
0	3A3 Office/Yard Building Refurbish Design	Fri 7/1/16	Fri 6/30/17	50%	ADMIN / CD			-	
1	3B SMART Crossing Upgrade (Golden Gate PI)	Fri 7/1/16	Fri 6/30/17	100%	ADMIN / CD				
2	3C STAFFORD TREAMENT PLANT	Fri 7/1/16	Fri 6/30/17	0%					
23	3C1 Dam Concrete Spillway Repair	Wed 2/1/17	Thu 6/29/17	100%	ENG / DM				
-	Current	Inactive Summary	0		Start-on	ly	E		
P	Baseline	Manual Task	E-		Finish-o	nly	Э		
	Inactive Task	Duration-only	_		Progress	S			
E	Inactive Task	Manual Summary	Rollup		-				
	Inactive Milestone	Manual Summary	-		-				

ID	Task Name	Start	Finish	% Complete	Resp	Qtr 1, 2017 Jul Aug Sep	Qtr 2, 2017 Oct Nov Dec	Qtr 3, 2017 Jan Feb Mar	Qtr 4, 2017 Apr May Ju
24	3C2 STP Emergency Power Generator	Fri 7/1/16	Fri 6/30/17	0%	OPS / RC	Jul Aug Sep	OCI NOV Dec	Jan Feb Mar	Apr Iviay Ju
25	3C3 Lake Backfeed De-Chlorination System	Wed 2/1/17	Fri 6/30/17	0%	OPS / RC				
26	4 STORAGE TANKS/PUMP STATIONS	Fri 7/1/16	Fri 6/30/17	0%					
27	4A San Mateo Tank Recoat	Fri 7/1/16	Fri 6/30/17	25%	ENG / CC				
28	4B Lynwood Pump Station Motor Control Center	r Fri 7/1/16	Fri 6/30/17	100%	MAINT/RC				
29	4C San Marin PS Can Rehab	Tue 11/1/16	Fri 3/31/17	100%	MAINT/RC				
30	4D Lynwood PS Can Rehab	Fri 7/1/16	Fri 6/30/17	0%	MAINT/RC				
31	4E Crest PS (Design/Const)/Reloc School Rd P	S Fri 7/1/16	Fri 6/30/17	20%	ENG / DJ				
32	5 RECYCLED WATER	Fri 7/1/16	Fri 6/30/17	0%					
33	5A NBWRA Grant Program Admin	Fri 7/1/16	Fri 6/30/17	100%	ENG / DM				
34	5B RW Central	Fri 7/1/16	Fri 6/30/17	90%	ENG /				
35	6 WEST MARIN WATER SYSTEM IMPROVEMEN	ITS Fri 7/1/16	Fri 6/30/17	0%	וחיסס				
36	6A Replace PRE Tank #4A	Fri 7/1/16	Fri 6/30/17	50%	ENG / CC				
37	6B Green Sand Filter Media Replace	Mon 1/16/17	Fri 3/31/17	100%	OPS / RC				
38	6C New Gallagher Well #2	Wed 3/1/17	Fri 6/30/17	0%	ENG / DM				
39	7 OCEANA MARIN SEWER SYSTEM	Fri 7/1/16	Fri 6/30/17	0%			1		
40	7A Infiltration Study & Repair	Sat 10/1/16	Fri 6/30/17	100%	OPS / RC				
41	7B Design/Install 8th Disposal Trench (300')	Mon 1/2/17	Fri 6/30/17	0%	ENG / RV				-
42	7C Tahiti Way Lift Pumps Rebuild	Mon 10/3/16	Tue 2/28/17	100%	MAINT/RC				
43	7D Tahiti Way Power Relocation DEFER	Fri 7/1/16	Fri 6/30/17	0%	MAINT/RC				
44	7E North St Lift Station Communication Upgrade	e Mon 5/1/17	Fri 6/30/17	100%	MAINT/RC				
45	7F ACP Sewer Reline (6" @ 3,000') DEFER	Mon 1/2/17	Fri 6/30/17	0%	ENG / DM			P	
46	7G OM Dosing Siphon Repairs	Fri 7/1/16	Fri 12/30/16	100%	ENG / JK		10-10-1		
0	Current	Inactive Summary	0	1	Start-onl	y E			
	Baseline	Manual Task	E.		Finish-or		1		
2	Inactive Task	Duration-only		_	Progress				
5	Inactive Task	Manual Summary	Rollup						
	Inactive Milestone	Manual Summary	-						



ENGR. DEPT DEVELOPER & DISTRICT CAPTIAL IMPROVEMENT PROJECTS (CIPs)



MEMORANDUM

September 1, 2017

To: Board of Directors

From: Rocky Vogler, Chief Engineer

Subject: Grant Avenue Bridge Pipe Replacement Project R:VFolders by Job NoV7000 jobs/7174 Grant Ave Bridge Pipe Repl/9-5-17 BOD Memo Info Item.doc

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

The purpose of this memo is to provide the Board with information regarding the replacement of a portion of 1950's era 12-inch cast iron water main located in Grant Avenue and crossing Novato Creek under the northern half of the Grant Avenue Bridge.

The City of Novato plans to widen and rehabilitate the Grant Avenue Bridge by extending the bridge deck to the south to accommodate bike lanes and sidewalks, replace substandard bridge railings, and stabilize the banks and channel of Novato Creek. The work will also include new asphalt cement paving and striping. Construction of the City's project is anticipated for Fiscal Year 17/18. The District desires to complete its' project in advance of the City's bridge widening project so that new work will not be compromised.

Earlier in 2017, District construction forces installed two 12-inch valves on either side of the Grant Avenue Bridge in order to be able to isolate the water main extending beneath the bridge road deck. As mentioned, the existing cast iron pipe is approximately 60 years old and is due for replacement. The District will replace the existing pipe with new 12-inch welded steel pipe (see attached map). Work is scheduled to commence on September 5th, 2017, and is expected to be complete within two weeks. District staff is coordinating with City staff, and has notified residents within a 300-foot radius of the forthcoming work and related impacts to traffic flow and pedestrian access. In addition, a traffic control plan has been prepared and routed to City staff for review and comment, and electronic message boards have been installed in advance of the District's project and remaining through construction in order to provide citizens with updated construction information.





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



WATER ADVISORY COMMITTEE AND TECHNICAL ADVISORY COMMITTEE

MONDAY: AUGUST 7, 2017

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

9:00 a.m.

This is a combined WAC and TAC meeting.

- 1. Check In
- 2. Public Comment
- 3. Recap from the May 1, 2017 WAC/TAC Meeting and Approval of Minutes
- 4. Recap from the June 5, 2017 TAC Meeting and Approval of Minutes
- 5. Water Supply Coordination Council
- 6. Water Supply Conditions and Temporary Urgency Change Petition
- 7. Sonoma Marin Saving Water Partnership
 - a. Water Production Relative to 2013 Benchmark
 - b. Approve comment letter on legislation to establish a long-term framework for water conservation
 - c. MOU Revision Status Update
- 8. Biological Opinion Status Update
- 9. PVP Relicensing Update
- 10. Federal Outreach
- 11. Water Bond Coalition
- 12. Items for Next Agenda (Next WAC/TAC meeting is November 6)
- 13. Check Out

*Draft Minutes of Water Advisory Committee and Technical Advisory Committee 35 Stony Point Road, Santa Rosa, California August 7, 2017

Jack Gibson, Marin Municipal Water District Larry Russell, Marin Municipal Water District Mike Ban, Marin Municipal Water District James Gore, Board of Supervisors Ann DuBay, SCWA Michael Thompson, SCWA Pam Jeanne, SCWA Carrie Pollard, SCWA Lynne Rosselli, SCWA Nakita Sinha, SCWA	Attendees:	Mike Ban, Marin Municipal Water District James Gore, Board of Supervisors Ann DuBay, SCWA Michael Thompson, SCWA Pam Jeanne, SCWA Carrie Pollard, SCWA Lynne Rosselli, SCWA
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Public Attendees: Bob Anderson, United Winegrowers Margaret DiGenova, California American Water Brenda Adelman, RRWPC David Keller, Friends of the Eel River Jim Downey, Penngrove/Kenwood Water District

1. <u>Check-in</u>

Mike Healy, WAC Chair, called the meeting to order at 9:04 a.m.

2. Public Comments

Both Drew McIntyre and Jack Mackenzie expressed best wishes for SCWA past General Manager Grant Davis who was recently appointed as the new director of the California Department of Water Resources.
3. Recap from the May 1, 2017 WAC/TAC Meeting and Approval of Minutes

Moved by Mark Millan, Town of Windsor, seconded by Mark Heneveld, Valley of the Moon Water District, to approve the minutes of the May 1, 2017 WAC/TAC meeting; unanimously approved.

4. Recap from the June 5, 2017 TAC Meeting and Approval of Minutes

Moved by Paul Piazza, Town of Windsor, seconded by Dan St. John, City of Petaluma, to approve the minutes of the June 5, 2017 WAC/TAC meeting; unanimously approved.

5. Water Supply Coordination Council

Mike Healy reported that a WSCC meeting was held July 17, 2017.

6. Water Supply Conditions and Temporary Urgency Change Petition (TUCP)

Pam Jeane, SCWA, reported that a TUCP was filed in May of this year per requirements of the 2008 Biological Opinion. Both reservoirs are full and a lot of water is being released from Lake Mendocino.

7. Sonoma Marin Saving Water Partnership

a. Water Production Relative to 2013 Benchmark

Drew McIntyre, NMWD, gave an update about the handout of the monthly water production relative to the 2013 benchmark. The conservation tracking format is being changed and graphics were added to better illustrate monthly water deliveries in 2017 vs 2013.

b. <u>Approve comment letter on legislation to establish a long-term framework for water</u> <u>conservation</u>

Drew McIntyre, reviewed a draft comment letter for submission to Senator Hertzberg. Mike Healy requested that the five local state legislators be added to the distribution list and Jennifer Burke, City of Santa Rosa, commented that she had some suggested additions. Motion was moved and seconded. All in favor. Drew McIntyre will work with Jennifer Burke, to update letter prior to sending.

c. MOU Revision Status Update

Nakita Sinha, SCWA gave an update. Nakita's project was to collect necessary information to give recommendations to update the MOU that expires June 2018. Various regional water conservation collaboratives throughout the U.S. were contacted and interviews were held with a variety of stakeholders and SMSWP partners. A draft copy will be released soon. Questions followed by committee members.

8. Biological Opinion State Update

Pam Jeanne gave an update on review of comments to the Fish Flow Project Draft EIR. She stated that over 600 comments were received with key themes being water quality, water rights and recreation in the lower Russian River. Additional comments followed by committee members and the general public.

9. PVP Relicensing Update

Supervisor Gore gave an update on PVP Relicensing and the stakeholder meetings coordinated by Congressman Huffman. Comments followed by Mark Millan, Town of Windsor.

10. <u>Federal Outreach</u> No update provided.

11. Water Bond Coalition

Ann DuBay, SCWA, gave update on the Water Bond Coalition. Jake MacKenzie, City of Rohnert Park proposed that a letter be drafted in support from WAC. Motion was moved, seconded and unanimously approved. Ann DuBay to provide a support letter for Mike Healy to review and sign.

12. Items for next WAC/TAC Agenda on November 6

Proposed slate for 2016/17 WAC Chair and Vice Chair

15. Check Out

- a. Next WAC TAC meeting is November 6
- b. Next TAC meeting is September 11
- c. Meeting was adjourned at 9:49 a.m.

Conservation Tracking for the Sonoma-Marin Saving Water Partnership

Water Retailer	Total Deliveries (Gallons)	2013 Benchmark (Gallons)	Relative to 2013 Benchmark
Cal Am	30,790,000	31,919,000	-4%
Cotati	26,232,083	31,868,228	-18%
Marin Municipal	842,471,468	924,117,905	-9%
North Marin	256,935,208	357,000,000	-28%
Petaluma	278,472,265	314,982,234	-12%
Rohnert Park	138,779,941	158,000,000	-12%
Santa Rosa	565,521,230	655,669,334	-14%
Sonoma	65,756,732	75,705,062	-13%
Valley of the Moon	90,759,442	102,353,192	-11%
Windsor	123,158,318	138,875,923	-11%
SMSWP Total	2,418,876,686	2,790,490,878	-13%

Table 1: June 2017 Water Usage

Table 2: Year to Date Water Usage

Water Retailer	Total Deliveries (Gallons)	2013 Benchmark (Gallons)	Relative to 2013 Benchmark
Cal Am	132,480,000	139,802,000	-5%
Cotati	106,016,789	149,598,194	-29%
Marin Municipal	3,412,259,536	4,160,490,571	-18%
North Marin	1,005,806,231	1,453,000,000	-31%
Petaluma	1,150,775,392	1,456,035,990	-21%
Rohnert Park	624,656,367	760,000,000	-18%
Santa Rosa	2,418,519,081	3,126,643,347	-23%
Sonoma	260,860,996	330,042,854	-21%
Valley of the Moon	351,225,832	452,887,864	-22%
Windsor	455,049,292	575,466,980	-21%
SMSWP Total	9,917,649,516	12,624,811,538	-21%

Chart 1: SMSWP Deliveries & GPCD



2013 Benchmark: 2013 was selected as the benchmark per Executive Order B-40-17, which continues the reporting requirements established in Executive Order B-29-15.



Russian River Biological Opinion Update – August 2017

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

Fish Flow Project

The Fish Flow Habitat and Water Rights Project (Fish Flow) Draft Environmental Impact Report (Draft EIR) was released on August 19, 2016. The public comment period closed on March 10, 2017. Three public hearings were held (September 9, 2016, in Santa Rosa, November 16, 2016, in Cloverdale, and November 17, 2016, in Guerneville) to obtain public comments on the Draft EIR.

There were a total of 623 comments submitted, either by letters, written cards submitted at the public hearings, or individual oral testimony at the public hearings. Of these 623 comments, 400 were form letters and 53 were individual commenters at the public hearings.

General themes from the submitted comments fall into a number of categories, but many comments fall into the following:

Water Quality: concerns regarding algae and biostimulatory conditions, analysis of these conditions, mitigation; potential impacts to wastewater dischargers during National Pollutant Discharge Elimination System (NPDES)-prescribed discharge season, particularly early and late in the season

Water Rights: concerns regarding illegal diversions along the Russian River; potential impacts to water right holders with minimum bypass flow terms in the SWRCB-issued water right permits

Recreation: concerns regarding potential impacts to Lower Russian River recreation and tourism; quantity and quality of river flow for recreation

Independent Science Review Panel (ISRP) Report: consideration of results/recommendations of ISRP report in Fish Flow Draft EIR

Proposed Project description and alternatives: consideration of adaptive management in implementation of Proposed Project

Water Agency staff are currently evaluating and drafting responses to the comments. No schedule updates have yet been determined as staff are drafting responses, but staff anticipate providing an update to the schedule in October.

Dry Creek Habitat Enhancement Project

During the spring, staff evaluated the impact of the winter's large storms and high flows on existing habitat enhancement projects. Overall, the habitat features held up well, although there were a few areas which required significant maintenance to restore function. The greatest impacts were at the side channel constructed at Truett Hurst and Myers properties, where sediment from high flows filled sections of the channel. The design team is underway preparing design modifications for these sites, meeting with the landowners and regulatory agencies to describe the proposed changes so that the Agency's construction contractor can implement the modifications to these sites this summer. New construction on Miles 2 and 3 projects began on June 15, and will continue into October with the goal of completing these phases of the project this year. On June 20, the US Army Corps of Engineers and the Water Agency signed the Dry Creek CAP Project Partner Agreement. The Continuing Authorities Program (CAP) agreement allows for construction of reach 4a (total length 0.4 miles) at a total federal cost of \$3.28 million. The second Army Corps effort for Mile 4-6 planning, called a General Investigation (GI) Ecosystem Restoration study, has less funding restrictions and should be completed in 2018.

Fish Monitoring

Summer 2017 monitoring of outgoing young salmon and steelhead was recently completed. Rotary screw traps were operated in Austin Creek, Dry Creek, Mark West Creek, Dutch Bill Creek and at Mirabel. Additional monitoring of juvenile salmonids is ongoing at the mouth of Dry Creek and through the use of Passive Integrated Transponder (PIT) tag antennas. Additional PIT tag antennas are scheduled to be installed in the lower river and at Mirabel next week.

Russian River Estuary Management Project

The 2017 Lagoon Outlet Management Period began on May 15 and will end on October 15. The 2017 Outlet Channel Adaptive Management Plan includes parameters for outlet channel implementation and monitoring. Biological and water quality monitoring is ongoing. The mouth of the Russian River closed on July 5 and on July 17 the Water Agency implemented an outlet channel. Unfortunately, the outlet channel scoured and the mouth re-opened fully to tidal conditions.

Interim Flow Changes

The Water Agency received a Temporary Urgency Change Order (Order) from the State Water Board on Friday, May 19th. The Order allows the Water Agency to comply with the Biological Opinion temporary minimum instream flow requirements through October 15th.

Public Outreach, Reporting & Legislation

- The annual Estuary Management Project Community Meeting was held on May 15. About 60 people attended.
- The Dry Creek update was mailed to more than 600 Dry Creek landowners in early July.



July 17 photo of construction at Meyer property, Dry Creek Habitat Construction.



DISBURSEMENTS - DATED AUGUST 31, 2017

Date Prepared 8/29/17

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	Alpha Analytical Labs	Lab Testing	162.00
2		Vision Reimbursement	26.37
3	Athens Administrators	July Bill Review Fees	41.71
4	AT&T	Internet Service @ PRTP	89.00
5	Automation Direct	PLC Parts for Gallagher Well Valve	156.50
6	Backflow Distributors	Check Repair Kits (12)	358.55
7	Badger Meter	April, May & July Cellular Meter Charge (18)	47.52
8	Bold & Polisner	Board Vacancy (\$441), Civil Grand Jury (\$168), Consulting Agreement Language (\$231), FPPC Filings (\$84), Misc (\$21), RW Central Private Onsite Retrofit (\$231) & Sub-metering Legislation (\$588) & Potter Valley Relicensing (\$2,499)	4,263.00
9	B.W.S. Distributors	Multi-Gas Cartridge (STP)	196.39
10	Canyon Green Owners Assoc	Refund Overpayment on Open Account	745.94
11	CDW-Government	Battery Backup for PLC's (4)	407.22
12	Cel Analytical	Lab Testing	375.00
13	Cordova, Albert E.	Legal Services: 42 Spinosa Way	1,487.50
14	Core Utilities	Consulting Services: July IT Support (\$5,000), SCADA (\$500), Radios (\$175), Airbase Tank (\$150), Website Maintenance (\$50), Bill Pay Website Revision (\$2,850) & STP Access Card	9,025.00
15	Covello Group	Prog Pymt#12: July RW Central Project Management (Balance Remaining on Contract \$195,599)	101,685.10
16	Dahlin, Karen and David	Refund Overpayment on Closed Account	78.00

Seq	Payable To	For	Amount
17	DataTree	July Subscription to Online Parcel Data Information (7/1/17-7/31/17)	100.00
18	Direct Line	July Telephone Answering Service	257.80
19	Evoqua Water Technologies	Service on Deionization System	193.75
20	Fedak & Brown	Progress Billing #4: FY18 Audit (Balance Remaining on Contract \$7,170)	2,000.00
21	Ferguson Waterworks	Couplings (4) (\$362), Gasket, Angle Meter Stops (5) & Flange Gasket for Wild Horse Valley Tank Access (\$108) (Less Credit of \$177 for Returned Meter Stops)	518.95
22	Fisher Scientific	Germicidal Lamp (2) (Lab)	38.72
23	Government Finance Officers Association	Membership Dues (9/12-8/18) (Budget \$160)	160.00
24	GHD	Prog Pymt#2: Engineering Services-San Mateo Tank Pipeline (Balance Remaining on Contract \$76,730)	1,601.50
25	Golden Gate Petroleum	Gasoline (\$2.51/gal) & Diesel (\$2.44/gal)	1,509.73
26	Goodman, Dawn	Refund Amount Erroneously Paid to NMWD	26.00
27	Grainger	Tie Down Chains (4-20') (\$383), Replacement Face Shield Lens (20) & Temperature Humidity Meter (\$78)	530.54
28	High-Purity Standards	Standards (Lab)	101.99
29	Hu, Jianhua	Refund Alternative Compliance Reg 15 Deposit	945.00
30	ICF International	Prog Pymt#3: Consulting Service for Stealhead Habitat Survey in Upper Novato Creek (Balance Remaining on Contract \$12,792)	5,319.45
31	Irish & Son Welding	Welding Services	1,040.00
32	Kudirka, Vincent	Refund Overpayment on Closed Account	66.47
33	Lawler, Martin	Refund Overpayment on Closed Account	51.07
34	Lucchesi, Sarah	Child Care Reimbursement	416.66
35	Maltby Electric	Uni-Strutt Channel (\$321) & Electrical Supplies	576.31

Seq	Payable To	For	Amount
36	McMaster-Carr Supply	Sheet Metal Screws (50)	21.57
37	Metrohm USA	Part for Ion Chromatography (Lab)	112.20
38	Microtech Scientific	Media (Lab)	69.18
39	Mountain Cascade	Prog Pymt #7: RW Central Service Area Phase B (Bal Remaining on Contract \$334,956)	446,511.78
40	MSC Industrial Supply	Utility Pump (STP)	266.24
41	Northwest General Engineering	Refund Security Deposit on Hydrant Meter Less Final Bill	377.45
42	NMWD Employee Association	NMWD Association Dues 6/15/17-8/15/17	1,215.00
43	Novato Toyota	Oil Consumption Test ('09 Toyota Pruis)	35.00
44	Novato Chamber of Commerce	Spirit of Marin Luncheon (Bentley) (10/6/17)	60.00
45	Novo Construction	Refund Security Deposit on Hydrant Meter Less Final Bill	594.08
46	Office Depot	Desk Chair (Kane)	295.11
47	Pace Supply	PVC Pipe (80')	284.96
48	Pape Machinery	Bottom Seat Cover, Steering Tie Rod (\$425) & Backhoe Side Window (\$268) ('04 Backhoe)	921.38
49	Parkinson Accounting Systems	July Accounting Software Support	292.50
50	Peterson Trucks	Look Down Mirror ('06 Int'l 4300)	88.62
51	PipeMan Products	Cold Shot Freeze Heads (3) (\$77), Injector Grip, Seals, Filters & O-rings	251.02
52	Pollard Water	LockOut TagOut (2)	152.22
53	Smith, J A	Refund Overpayment on Closed Account	364.20
54	Snowden, Joeanna & Jeff	Refund Overpayment on Closed Account	185.59
55	Soiland	Asphalt Disposal (5 tons)	15.00
56	Sonoma County Water Agency	July Contract Water Deliveries (\$623,603) & Conservation Program Support (4/1/17-6/30/17) (\$15,733)	639,336.09
57	Tamagno Green Products	Sludge Removal @ STP (120 yds)	3,000.00

Seq	Payable To	For	Amount
58	Teeters & Schact	Install Window on Backhoe ('04 Backhoe)	239.68
59	Thatcher of California	Ferric Chloride (10 tons) (STP)	4,176.58
60	U.S. Bank Credit Card	Display Ad: GFOA Asst Auditor/Controller Position (\$150), Tank Repair & Construction Publication (Eng) (\$235), Eco-Friendly Garden Tour Facebook Post (\$80), Repair Kit for Ratchet (4) (\$63), PLC Battery Replacement (\$20), Display Ads-Marin IJ Notice of Special Meeting & Board Vacancy (\$292), ACWA Fall Conference Registration (\$699) (Bentley), Log Book (\$25) (Lab), Door Gasket (\$59) (Lab), 48 Port Switch for Server Room (\$1,394), Display Port Cables (\$33), Birthday Lunches (\$145) (McIntyre) & Fastrak (\$25) (Less Credit of \$123 for Returned Printer)	3,097.56
61	Wallach, Lewis	Refund Overpayment on Closed Account	16.26
62	Wilson Bohannan	Dead Bolt Lock Cylinders (10) TOTAL DISBURSEMENTS	344.01 \$1,236,922.02

The foregoing payroll and accounts payable vouchers totaling \$1,236,922.02 are hereby approved and authorized for payment.

Auditor-Controller

9/29/.7 Date

General Manager

Date

DISBURSEMENTS - DATED AUGUST 24, 12017

Date Prepared 8/22/17

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 8/15/17	\$133,952.62
EFT*	US Bank	Federal & FICA Taxes PPE 8/15/17	59,848.28
EFT*	State of California	State Taxes & SDI PPE 8/15/17	10,341.50
EFT*	CalPERS	Pension Contribution PPE 8/15/17	35,320.84
EFT*	US Bank	July Bank Analysis Charge (Lockbox \$912, Credit Card Processing \$612 & Other \$530)	2,082.36
53500*	Marin Independent Journal	Display Ad: Invitation to Bid for RW Central- Onsite Private Retrofits Project	584.40
1	Aberegg, Michael	Prog Pymt#4: Drafting Services-Center Road Pipeline Replacement (Balance Remaining on Contract \$27,175)	1,320.00
2	Alphagraphics Marin	Lab Testing	162.00
3	American Family Life Ins	August Employer Accident, Disability & Cancer Insurance	3,668.39
4	AT&T	Leased Line	65.88
5	AYS Engineering Group	Prog Pymt#9: Consultation Monitoring, Soil Profiling & Testing for Oceana Marin Disposal Field (Balance Remaining on Contract \$10,623)	595.00
6	CalPERS Retirement System	Fee for FY18 GASB 68 Reports & Schedules	700.00
7	Cla-Val	Cla-Val Repair Parts	857.98
8	Comcast	August Office Internet Connection	151.12
9	Environmental Resource Assoc	Reference Samples (Lab)	118.49
10	Ferguson Waterworks	Redi-Clamps (3) & 6" Pipe (100') (\$477) Elbows (5) (\$114), Coupling Adaptor (\$662), Nipples (8), Plugs (2), Unions (2) & Valves (2)	1,391.20
11	Fisher Scientific	Media (\$147) & Sulfuric Acid (Lab)	188.58

Seq	Payable To	For	Amount
12	Frontier Communications	Leased Lines	1,429.46
13	GFS Chemicals	Turbidity Standard (STP)	346.61
14	GHD Engineering	Prog Pymt#2: Engineering Services-PRE Tank #4A (Balance Remaining on Contract \$78,331)	2,413.90
15	Grainger	Nipples, Ball Valves, Union, Socket, Ells, Adapter, Hose Connectors, Pipe Adapters, High Pressure Spray Wand, Lance Extension, 7" Spray, Nozzles (2) (\$217), 2 Gal Beverage Cooler, Band saw Blade (\$66), Fuel Cylinders & Brazing Torch (\$70) & Deadbolt Lock	950.29
16		Cafeteria Plan: Uninsured Medical Reimbursement	29.55
17	Lincoln Life	Deferred Compensation PPE 8/15/17	16,041.72
18	Marin County Tax Collector	FY18 Possessory Interest (25 Giacomini Rd)	292.29
19	Marin IJ Processing Center	Subscription Renewal (McIntyre) (Budget \$470) (9/17-9/18)	503.25
20	Marinscope	Display Ad: Notice of Special Meeting Regarding Board Vacancy (7/26/17) & Board Vacancy (7/26 & 8/2/17)	130.04
21	McIntyre, Drew	Exp Reimb: Towing Charge for District Vehicle Impounded	315.00
22	Miller Pacific Engineering	Prog Pymt#10: PRE-Tank 4A Geotechnical Services (Balance Remaining on Contract \$16,818)	315.00
23	Murphy, Matthew	Refund Security Deposit on Hydrant Meter Less Final Bill	838.26
24	Mutual of Omaha	Sept Group Life Insurance Premium	914.11
25	Nationwide Retirement Solution	Deferred Comp 8/15/17 PPE	1,000.00
26	New Pig	All Purpose Wipes (3,000) (STP)	444.67
27	Noll & Tam Architects	Prog Pymt#8: NMWD Headquarters Upgrade Master Plan (Balance Remaining on Contract \$49,547)	255.00
28	North Bay Gas	Nitrogen (STP)	617.37

Seq	Payable To	For	Amount
29	Novato Sanitary District	May 2017 Additional RW Operating Expense	1,705.00
30	Olin	Sodium Hydroxide (12 dry tons)	4,723.60
31	Pace Supply	Bushings (5), Caps (3), Flanges (2), Nipples (16), Steel Pipe (40') (\$1,063), Plugs (3), Reducer, 2" Corp Stops (2) (\$421), Couplings (35) (\$2,291) & Valves (14) (\$1,249) Handle, Roll Pin, Hair Pin Clips (2), Nuts, Tie Rod Stud (\$41), Spilt Lock Washer & Chain to Jaw Pin, Check Valve for Pump @ Bahia P/S (\$471) & Ring Gaskets (4) (\$94)	5,925.35
32	Pape Machinery	Steering Tie Rod Assembly ('04 Backhoe)	411.14
33	PG&E	Power: Bldgs/Yard (\$4,392), Rectifier/Controls (\$564), Pumping (\$44,528), Treatment (\$161), Other (\$109) & STP Solar Facility Annual True- Up (\$25,690) (Less Credit of \$1,052 Received for Gallagher Well Pump)	74,392.14
34	Point Reyes Light	Display Ad: Salinity Intrusion into Pt. Reyes Well Supply	24.60
35	Ramudo, Pablo	Exp Reimb: State Water Board Environmental Accredited Program Draft Regulation Workshop. Mileage (\$31), Bridge Toll (\$6), Parking (\$25), Lunch (\$27) & Childcare Reimbursement (\$80)	168.71
36	Reed, Corey	Childcare Reimbursement	208.33
37	Soiland	Asphalt Disposal (22 tons)	67.35
38		Vision & Cafeteria Plan: Uninsured Medical Reimbursement	1,107.40
39	Solenis	Praestol Polymer (4,580 lbs) (STP)	6,274.60
40	Sonoma County Water Agency	Allocation of FY18 North Bay Water Reuse Authority Budget	19,350.00
41	Sonoma Boot	Safety Boots (Roberto)	216.49
42	Soroptimist International of Novato	Annual Dues (Young) (7/1/17-6/30/18) (Budget \$180)	175.00
43	Staples Advantage	Copy Paper (60-Letter Size Reams)	809.08

Seq	Payable To	For	Amount
44	Terryberry	Service Awards (Kurfirst, LeBrun, Goodpaster, Rupp & Bentley)	757.19
45	Thatcher of California	Ferric Chloride (10 tons)	4,300.49
46	Toomey, Toni	Refund Overpayment on Closed Account	502.53
47	Township Building Services	July Janitorial Service	1,822.84
48	Underground Service Alert	Annual Membership (Arendell) (7/17-6/18) (Budget \$1,510)	2,290.20
49	Univar	Sodium Hypochlorite (200 gal) (STP)	424.46
50	Verizon Wireless	AMI Gateways (\$671) & CIMIS Station Data	686.10
51	VWR International	Sterility Indicator (108) & Standards (2) (Lab) TOTAL DISBURSEMENTS	157.49 \$404,685.25

The foregoing payroll and accounts payable vouchers totaling \$404,685.25 are hereby approved and authorized for payment.

Auditor-Controller

General Manager

Date

8/22/17

Date

DISBURSEMENTS - DATED AUGUST 17, 2017

Date Prepared 8/15/17

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	101 Office Products	Quarterly Toner Supply	\$1,140.26
2	Able Tire & Brake	Tires (5) ('03 Dodge Dakota & '15 Ford Escape- \$667)	835.33
3	Allquip Universal	Rear Door Hydraulic Lift Cylinder ('13 Vac Trailer)	252.23
4	All Star Rents	Propane (28 gals) (STP)	91.49
5	Arrow Benefits Group	July Dental Expense	7,513.10
6	AT&T	Internet Service @ PRTP	80.00
7	Bank of Marin	Bank of Marin Loan Principal & Interest (Pymt 70 of 240)	46,066.67
8	Borges & Mahoney	Metering Pumps (2) (\$6,642) & pH Probe (STP)	6,944.51
9	Brosch, Jeffrey	Novato "Toilet Rebate" Program	100.00
10	Buck's Saw Service	Weed Eater Drive Shaft	107.40
11	Buckles-Smith	Service Contract to Cover PanelView Software & Support (7/17-6/18)	603.74
12	Clipper Direct	Commuter Benefit Program (2)	66.00
13	DeGabriele, Chris	Retiree Exp Reimb (Aug Health Ins)	927.54
14	Diggs, James	Retiree Exp Reimb (Aug Health Ins)	340.83
15	Environmental Express	Ion Chromatography Consumables (\$288) & Filters (100) (Lab)	451.97
16	Equipco	Replacement Sonde Temperature Sensor (STP)	706.88
17	Fisher Scientific	Pipet Refills, Petri Dishes (1,200), Chlorine (\$170), Silver Nitrate, pH Buffer & Beakers (200) (\$95)	653.48

Seq	Payable To	For	Amount
18	Ghilotti Construction	Prog Pymt#9: RW Expansion Central Service Area West Project (Balance Remaining on Contract \$89,634)	292,011.00
19	Gonzalez, Salvador & Maria	Refund of Deposit/New Development/Water Conservation Restriction-Novato	1,000.00
20	Grainger	Mounting Brackets (4), Handheld Flashlights (2) (\$76), Large Frame Hose Reel for Tank Cleaning (\$650), Condensate Pump Kit (\$186), Aluminum Work Platform (\$232), Hand Truck for Hose Reel @ STP (\$174) & Cable Ties	1,357.90
21	Gruener, Kevin	Novato "Smart Irrigation Controller" Rebate	180.00
22	High-Purity Standards	Standards (Lab)	93.31
23	Hopmonk Tavern of Novato	Deposit for 2017 Holiday Party	1,600.00
24	Ichinaga, Lynn	Novato "Toilet Rebate" Program	200.00
25	Janikowski, Vera	Novato "Toilet Rebate" Program	100.00
26	Kaiser Foundation Health Plan	DMV/DOT Physical (\$115) (Arendell) & Pre- Employment Physical (Meier)	240.00
27		Cafeteria Plan: Uninsured Medical Reimbursement	55.00
28	Kelly-Moore Paint	Paint & Primer (1 gal ea)	63.79
29	Marin Landscape Materials	Lumber (20)	61.85
30	Marin Municipal Water District	Replacement Check-Original ACH Payment Went to Closed Account	414.98
31	Marin County Ford	Oil Filters (2), Air Filters (2), Motor Oil (15 qts), Oil Drain Plug, Starter Relay (\$34) & Window Regulator ('08 F250) (\$92)	246.23
32	Martrano Enterprises	Dead Bolt Lock Boxes for Water Storage Tanks (16)	203.47
33	Medora	Motor Control Cord for Solar Bees (STP)	452.15
34	Moore, Doug	Retiree Exp Reimb (Aug Health Ins)	927.54

Seq	Payable To	For	Amount
35	North Marin Auto Parts	Gas Cap, Manual Throttle Control Cable, Portable Air Compressor Battery (\$108), Oil (10 qts) (\$108), Oil Filter (2), A/C Fan Belts, Gear Oil (8 qts) (\$325) ('07 Chevy 4 x 4), Automatic Transmission Fluid (12 qts) (\$79), Spark Plugs, Plug Wires, Fan Belt, Idler Pulley (\$157), Spark Plug Wire Sets (2) ('07 Chevy K2500) (\$132), Safety Gloves (500) (\$170), Shop Rags (10lbs), Dielectric Grease, Trailer Wire (100') (\$75), Toggle Switch, Air Hose (50') (\$82), Hose Couplings (4), Bushing, Starter (\$267), Air Filters (2), & Motor Oil (32 qts) (\$108), Shop Towels (10lbs), Fan Belt, Fuel Hose (4'), Fuel Filter, Transmission Filters (2), Air Filters (2) & Bearing Hub Oil (3 qts)	1,834.42
36	North Bay Gas	Carbon Dioxide (2) (\$69) & July Cylinder Rental (\$136)	205.44
37	Novato Builders Supply	Lumber (6), Stakes (25), Concrete (1 yd), Fence Post Mix (20 lbs), 4' x 100' Safety Fence & Fence Posts (20) (\$163)	520.44
38	Novato Chevrolet	Transmission Pan Gasket (\$84), Transmission Filter, Suspension Bumper & Steering Shaft (\$89) & Repair Damaged Wiring ('07 Chevy 4 x 4) (\$495)	827.61
39	Office Depot	Chair Mat (Kauwe) (\$36) & Sharpie Markers (12)	54.76
40	O'Reilly Auto Parts	Glass Cleaner (6-19 oz bottles) (\$37), Car Wash Soap & Interior Cleaner	107.56
41	Pape Machinery	Fuel Filters (5) (\$134), Air Filters (8) (\$194) & Oil Filters (6) (\$284) (Less Credit of \$103 for Alternator Return)	509.58
42	Peterson Trucks	Fuel Filter, Oil Filter, Air Filter ('02 Int'l Dump Truck), Air Dryer Filter, Motor Oil (10 gals) ('15 Int'l Dump Truck), Radiator Cap & Cup Holder Assembly (\$147) ('06 Int'l 4300)	516.38

Seq	Payable To	For	Amount
43	Pini Hardware	Stake, Foam Tape, Silicone Sealer, Light Bulb, Electrical Supplies for STP Pump Building, Spray Paint, Coupling, Clamp, Tubing Braids (2) (\$92), Metric Screws (10), GFCI Outlet & Outdoor Cover, Ceiling Panel Light, Paint Remover for Pacheco Tank Graffiti, PVC Pipe Plugs (4), Copper Tubing, Ball Valve, Connectors, PVC Pipe Plugs, Dish Detergent, Nipples (2), Pails (2) Cleaner, Pump Sprayers, Spray Bottles & Temporary Cover for GAC Storage (\$384)	760.83
44	Society for HR Management	Membership Dues (9/17-8/18) (Landeros) (Budget \$200)	199.00
45	Sierra Chemical	Chlorine (2,000 lbs) (STP)	1,304.52
46		Vision Reimbursement	368.00
47	Stafford, Vernon	Retiree Exp Reimb (Aug Health Ins)	304.16
48	Tank Industry Consultants	Prog Pymt#3: Engineering Consulting for Coating Corrosion & Inspection of NMWD Tank (Balance Remaining on Contract \$18,750)	2,000.00
49	Thatcher of California	Ferric Chloride (24 tons) (STP)	4,416.82
50	Thomas Scientific	Safety Gloves (2,000) (Lab)	192.15
51	TPx Communications	July Telephone Charges	683.01
52	T & T Valve & Instrument	Flanged Plug Valve	357.96
53	Ultra Scientific	Reference Sample (Lab)	146.90
54	United Parcel Service	Delivery Service: Sent RW Central SRF Disbursement Request #4 & #5 & Atmosphere Tester Back for Repair	27.63
55	VWR International	Reagent (Lab)	63.80

Seq	Payable To	For	Amount
56	Wikman, Johan & Emily	Refund of Deposit/New Development/WC Restriction Novato	1,000.00
57		Vision Reimbursement TOTAL DISBURSEMENTS	20.60 \$382,510.22

The foregoing payroll and accounts payable vouchers totaling \$382,510.22 are hereby approved and authorized for payment.

Auditor-Controller

General Manager

8/14/17 Date Date

MEMORANDUM

September 1, 2017

To: Board of Directors

From: David Bentley, Auditor-Controller

Subject: Board of Director Classes t:\gm\admin secty\2017\classes for bod finance.doc

RECOMMENDED ACTION: Information Only

FINANCIAL IMPACT: None at this time

In the response to the Civil Grand Jury's May 2017, report on Retiree Health Care Benefits, the Grand Jury recommended that "Each term of service, elected or appointed officials of each agency should take a public agency financial class." The Board approved response dated August 16, 2018 stated "NMWD will research appropriate public agency financial classes for its elected and appointed directors."

Below is list of options for upcoming classes over the next 6 months for your consideration. Should you wish to attend one of these classes, the District will fund your attendance.

- Local Government 101 Online Certificate Program <u>https://icma.org/local-government-101-online-certificate-program</u>
- Municipal Finance Institute December 13-14, 2017, Newport Beach League of California Cities – <u>http://www.cacities.org/Education-Events/Municipal-Finance-Institute</u>
- Budgeting Best Practices: Government Charges and Fees January 9, 2018 Newport Beach GFOA- <u>http://www.gfoa.org/search-for-training</u>
- Accounting for Pensions and Other Postemployment Benefits January 9, 2018, Newport Beach GFOA- <u>http://www.gfoa.org/search-for-training</u>
- Long Term Financial Planning- January 10-11, 2018, Newport Beach GFOA- <u>http://www.gfoa.org/search-for-training</u>

Also, additional recommended training for the new Board members is a workshop offered by the California Special District's Association (CSDA) entitled "Board Member Best Practices" to be held in February 2018. More information will follow at a later date regarding registering the new Board members to attend this workshop. At that time interest from other Board members will be solicited as well.

WATER AGENCIES TESTIFY AGAINST BILL TO ESTABLISH CALIFORNIA'S FIRST-EVER WATER TAX

BY PAMELA MARTINEAU AUG 23, 2017



Today in the Assembly Appropriations Committee, water agencies from throughout California joined with the Association of California Water Agencies to publicly voice their opposition to a bill that would establish the state's first-ever tax on drinking water and to pledge their commitment to ensuring safe drinking water for communities across the state.

The focus of the hearing was SB 623 by Sen. Bill Monning (D-Carmel). The bill was placed on suspense and may be taken up by the full Assembly later this session.

Proponents of SB623 – called the "Safe and Affordable Drinking Water Fee" – say the bill is aimed at creating a fund to clean up contaminated drinking water in disadvantaged communities. It was amended on Monday to establish the state's first tax on drinking water. While ACWA strongly supports the goal of providing assistance to disadvantaged communities without access to safe and reliable drinking water, ACWA is vigorously opposed to this new tax and the precedent it would set. ACWA supports funding safe drinking water solutions for disadvantaged communities with General Fund dollars, packaged together with ongoing federal safe drinking water funds, general obligation bond funds, and the new agriculture-proposed assessment related to nitrates in groundwater.

"Water is essential to life and shouldn't be taxed. It works against water affordability," ACWA Deputy Executive Director for Government Relations Cindy Tuck testified during the hearing. "We agree with the intent – we want to solve the problem – but we oppose a regressive tax on water. This is a state social issue and yet local water agencies are being asked to collect money through a tax and send it to Sacramento."

"Proponents say they have been negotiating for months, but the tax was amended to this bill just this past Monday and has been through no policy hearings. An issue of this magnitude needs to be fully debated in a thorough and transparent process," Tuck added.

Several opponents of the bill also called the tax regressive, saying it would hurt low income earners the hardest. The General Fund is primarily derived from income taxes and is progressive, therefore using that as a funding source would mean high income earners pay more.

Greg Morrison, government relations officer for the Elsinore Valley Municipal Water District, questioned how proponents of the measure could say they had reached an historic deal on the funding mechanism.

"How can they call this an historic agreement when the largest impacted group – local water agencies – were not even at the table?" Morrison asked after the hearing.

San Diego County Water Authority Government Relations Manager Glenn Farrel said the bill is "asking urban water ratepayers to pay for another sector's contamination without any nexus."

In all, representatives of more than 20 ACWA agencies appeared in person to voice their opposition to SB 623's water tax, and more than 100 have signed a coalition statement against the bill.



MARIN COUNTY FISH AND WILDLIFE COMMISSION

From The Commission.....

This newsletter is an annual publication of the Marin County Fish and Wildlife Commission.

Volunteer members are appointed by the Board of Supervisors for three year terms.

The Commission serves to advise the Board and administer the annual grant program.

Meetings are held on the second Tuesday of the month.



Members: Gary Frugoli Brooke Halsey Al Nichelini Susan Ristow Laurette Rogers Ed Schulze Brad Stompe

This year the Commission was pleased to receive proposals for many wonderful education programs and restoration projects. The Marin County Board of Supervisors reviewed and approved the following grant proposals for funding in 2017-2018. These grant recipients, a combination of Marin non-profit organizations, will use the awards for equipment and supplies that directly benefit habitat, wildlife, and fish populations in Marin.

Friends of Willow Creek

Founded in 2011 to restore a fragment of above ground creek in Sausalito, teachers, students, and parents participate in replacing non-native plants with natives. The grant funding is for educational material and restoration items. Information: (415) 730-0089 or (415) 332-1658.

Gallinas Watershed Council & Miller Creek Watershed Stewards

Combined organizations to protect and enhance the environment of these twin creeks. The grant is to support the Dixie Elementary Outdoor Classroom Education Project by providing tools, materials, and plants. Information: (415) 479-9127.



Environmental Action Committee of West Marin

The EAC provides youth outdoor experiences to learn about the unique habitats for West Marin fish and wildlife. The grant funding is to update and expand the current youth education programs. Information: (415) 663-9312.



mprado@marinij.com localnews@marinij.com editor@ptreyeslight.com shermdrederick@gmail.com scope@marinscope.com August 30, 2017

Contact: Drew McIntyre, General Manager, (415) 897-4133

PRESS RELEASE

North Marin Water District Appoints New Director

North Marin Water District (NMWD) appointed Novato-area resident James Grossi to its Board of Directors at a special meeting on August 22, 2017. Mr. Grossi was selected from a field of four candidates for the board vacancy, which resulted from the passing of longtime director John Schoonover. Mr. Grossi was sworn-in as a NMWD director at a special meeting on August 29 2017. His appointed term will expire in December 2018.

Mr. Grossi was born and raised on the West Novato Marindale Ranch adjacent to Stafford Lake. A licensed California Civil Engineer, he has worked for CSW/Stuber-Stroeh Engineering Group in Novato for the past 19 years, and has a cumulative 40 years' experience in the design and construction of utility systems for public agencies and private organizations. Mr. Grossi has an extensive history of community involvement and leadership. With regard to his new role as a NMWD director, Mr. Grossi said he is "looking forward to working with the Board of Directors and District Staff to provide customers in the Novato Area and West Marin with high quality water at a reasonable cost, and to support the ongoing program to provide recycled water where it is needed." He added that he considers it an honor to have been selected to serve on the North Marin Water District Board.

The other candidates for the position were Gary Butler, Brigid Flagerman, and Henry Rolph. The NMWD Board noted that they were pleased to have such qualified applicants from which to choose, although it made the selection difficult. The Board was appreciative to all who applied for the position.

Sonoma-Marin train announces start date for commuters



Sonoma-Marin Area Rail Transit announced Thursday that its commuter runs will begin Aug. 25. (Robert Tong/Marin Independent Journal)

By Mark Prado, Marin Independent Journal

POSTED: 08/17/17, 9:45 AM PDT UPDATED: 14 MINS AGO77 COMMENTS

Commuter rail service connecting Marin and Sonoma counties and bypassing busy Highway 101 will start Aug. 25, SMART officials announced Thursday.

After several delays, Sonoma-Marin Area Rail Transit officials received approval from the Federal Railroad Administration on Wednesday night to start service on the 43-mile rail line from downtown San Rafael to the Sonoma Airport. An extension to Larkspur is set to open in 2019.

"This is truly historic," Marin Supervisor Kate Sears, SMART's vice chairwoman, said in a statement. "We want to thank the public for their support, and for providing the North Bay with a state-of-the-art transportation system. This system will bring relief to commuters stuck on Highway 101 and provide a stress-free way to travel. It will also provide a major economic boost for both Marin and Sonoma counties."

SMART TRAIN > COMPLETE COVERAGE

SMART will host an opening event at 9 a.m. on launch day at its downtown Santa Rosa Station, 7 Fourth St., at Railroad Square, and then begin running a full-service schedule at 12:49 p.m. Train service will be free of charge on opening day. After that, SMART fares will be 50 percent off through Labor Day. Regular fares will go in place on Sept. 5.

SMART's schedule shows a trip the length of the track from the Sonoma County Airport in Santa Rosa to downtown San Rafael taking 67 minutes. The schedule includes 34 trips each weekday and 10 on weekends.

SMART chief Farhad Mansourian said a week's time is needed to get the system ready to handle the public.

"We have to let other transit agencies know, turn on our ticket vending machines and have our employees get ready," he said. "We want to make sure we are all on the same page instead of starting tomorrow and then having to correct something. We wanted a few days and this is the last time we will have a few days to get ready."

Once full-price fares are implemented, riders will see a one-way base fare of \$3.50, plus another \$2 each time a zone is entered.

SMART has five zones from downtown San Rafael to the Santa Rosa Airport.

Under the structure, a passenger will pay \$11.50 one way to pass through all five zones. SMART officials believe the majority of commuters — 61 percent — would pass between two and three zones. There will be a pass that caps a daily fare at \$23 to allow more travel if passengers want to get off and on the system.

SMART will offer discounts of between 75 cents and \$1.50 for passengers using Clipper-enabled North Bay bus systems to get to the train. There would be senior, disabled, youth and veterans discounts as well.

SMART also will offer a \$200 pass good for 31 days. With that pass, a commuter who works 20 days will pay an average of \$10 a day for round-trip train service. A pass for passengers with disabilities, those 65 and older and youth 5 to 19 for the same period will sell for \$100.

The schedule has the first southbound train pulling out at 4:19 a.m. from the Sonoma County Airport Station and the first northbound train leaving downtown San Rafael at 5:59 a.m.

The last southbound train leaves the Sonoma County Airport Station at 6:49 p.m. and the last northbound train leaves downtown San Rafael at 8:35 p.m. The full 43-mile trip includes stops at 10 stations. The schedule also includes weekend runs to meet the Golden Gate Ferry in Larkspur.

Marin rail stops now include downtown San Rafael, the Marin

Civic Center and stations in Novato at Hamilton and San Marin Drive. Novato has a planned downtown station. The North Bay has waited almost nine years for the train. In November 2008, voters approved Measure Q, which increased the sales tax by a quarter-cent in Marin and Sonoma counties for 20 years to help pay for the project, which has cost roughly \$500 million to date.

SMART might also get funding to build north to Windsor if Bay Area voters approve a bridge toll increase that is expected to be on the ballot in 2018.

"We are proud to say that we are ready to roll," said Debora Fudge, chairwoman of the SMART board and Windsor's mayor, in a statement. "Successfully opening a new transit system is a major accomplishment."

Novato's Hanna Ranch hotel-commercial plan draws praise, concerns



Plans for the Hanna Ranch development in Novato include a gas station and a hotel. Provided by City of Novato

By Stephanie Weldy, Marin Independent Journal

POSTED: 08/17/17, 5:25 PM PDT | UPDATED: 2 HRS AGO1 COMMENT

Revised plans for Novato's Hanna Ranch commercial project are getting good early reviews, but concern lingers over traffic and water quality at the 20-acre site between Vintage Oaks Shopping Center and Highway 37.

The city's Design Review Commission on Wednesday got a first glimpse of amended plans from Pacific Star Capital of Santa Monica. The plan is an offshoot of a proposal that gained full city approval in 2011.

"I think (design review commissioners) were favorable in terms of the design and the way it was laid out," said Steve Marshall, Novato's planning manager. "They said the project, if it comes back for further design review, they want to see better architectural detailing."

The new proposal includes a hotel with 125 rooms — nine more than the original plan. The building footprint under the new plan would expand from 15,073 to 16,000 square feet, but its proposed height of 56 feet, 6 inches would not change.

Restaurant space in the new plan increased by 1,640 square feet. The developer seeks to create space for three restaurants, one more than in the old plan.

A new component is a 7,560-square-foot Costco gas station with up to 24 pumps.

The revised project has a smaller total building footprint than the project approved in 2011. Also, the new plan eliminates building encroachment into a 50-foot wetlands buffer adjacent to the pond at the Beverly Ehreth Ecological Nature Preserve.

The commissioners, with Patrick MacLeamy and Marshall Balfe absent, expressed support for the reduction in total building footprint.

They did suggest a decrease in what has been dubbed Building C, proposed to house office and retail space. A tower element on the 12,063-square-foot building is proposed to reach 57 feet, 6 inches.

"They were concerned about the mass, height and location of Building C," Marshall said. "They felt like that particular building needed work in terms of reducing height, and pulling it away from the sidewalk to give it a better pedestrian feel."

MacLeamy, who submitted comments on the design, wrote that the gas station, proposed to sit on a small panhandle neighboring the pond, is well situated there.

Some proposed access roads need continued work to create a "sense of arrival," he said.

Commissioner Michael Barber said elements have been added and taken away, but the plan is still similar to what was originally approved six years ago.

"It felt like they were doing a good job of placing buildings in between the knolls," he said. "Overall, I'm positive about the project."

Although the commission does not have purview over traffic and water quality issues, Barber said traffic would be his major concern over the project.

"I feel traffic is already a bit problematic, especially around the Christmas season," he said. "That will add to that."

He said the gas station might not only increase traffic but also have a visual impact.

Tina McMillan, the only resident to comment at the workshop, said a primary issue is the lack of a secondary egress, other than Rowland Boulevard.

"The Costco gas station, on top of the hotel, adds a huge daily impact to traffic," she said in a written statement. "Just look at traffic associated with the Safeway gas station and then think triple, or more of a customer base."

She said it may be time to create another major artery connecting to the area.

Marshall said some comments also touched on concern with the gas station situated so close to the area's pond.

The applicant, who did not respond to requests for comment, is expected to consider comments made at the workshop and resubmit plans before returning to the commission for a formal hearing. The Planning Commission and City Council also must consider the proposal.



Water Boards Remind the Public to be Aware of Harmful Algal Blooms this Holiday Weekend

Various Popular Waterbodies Assessed Prior to Labor Day

FOR IMMEDIATE RELEASE	Contact:
	Ali Dunn (916) 319 - 8458
Aug. 31, 2017	Rich Breuer (916) 956-9604

SACRAMENTO, **Calif.** -- With a large number of swimmers and boaters expected this Labor Day weekend at many of the state's water bodies, the State Water Board is reminding the public to be mindful of harmful algal blooms (HABs) in lakes, streams and reservoirs, and to keep dogs and children away from these blooms if they see one.

Last week, the California state and regional water boards conducted targeted sampling at some of the state's most visited lakes and streams that have had a history of HABs. This sampling was part of a collaborative effort with other state and local agencies to gather data and share it with the public. Those agencies included the California Department of Water Resources, East Bay Regional Parks, Big Valley Rancheria, Elem Colony Bands of Pomo Indians, and others.

"Being aware of the conditions at your local waterbody before heading out to recreate is important to keeping you and your pets healthy this Labor Day weekend, and anytime during these hot summer days when HABs can be present," said State Water Board Vice-Chair Steven Moore. "The State Water Board thanks local agencies and groups, for partnering up to identify HABs and keep the public informed on how to safely recreate."

The results of the targeted sampling and data collection for approximately 43 waterbodies are summarized in an interactive map (Figure 1). You can



Figure 1. Pre-Labor Day Assessment 2017 Map



see which locations were sampled at each waterbody and recommended advisory levels. If cyanotoxins were detected, advisory signs informing the public about the presence of HABs and the associated risk, based on of level toxins present, should be posted at that location. Please be aware that HAB location, extent and toxicity can change quickly. The data in this map is subject to change as new information is received. The interactive map can be found at: http://www.mywaterquality.ca.gov/habs/bulletins_newsletters/index.html.

Cyanobacteria are small microbes that live in nearly every habitat on land and in the water. They have existed for millions of years as essential components of freshwater ecosystems and form the foundation of most aquatic food chains. But, when environmental conditions favor their growth - warm temperatures and low or stagnant water flows - they can multiply very rapidly creating what is called a HAB. Some cyanobacteria are capable of producing toxins that can harm pets or people that come into contact with them.

HABs can be recognized by a few distinguishing features, including an oily or paint-like sheen on the water's surface, benthic (on bottom of waterbody) or floating mats, or a "pea soup" appearance of the water. Although HABs can occur anywhere in a body of water, in lakes they tend to be more concentrated in areas where water movement is limited and are downstream of wind and water currents. In streams or rivers, they can be found attached to the sediment on the bottom or floating along the shoreline in backwater eddies.

It is important to distinguish cyanobacteria (often referred to as "blue-green algae") from green algae and other non-toxic water plants that are not thought to pose potential hazards to health (Figure 2). The state has created a visual guide with photos to help users recognize HABs and differentiate them from green algae or water plant growth. The guide is available online at: http://www.ccamp.net/Swamp/images/3/33/SOP-Visual_Guide_to_Observing_Blooms.pdf.



Figure 2. (from left to right): Cyanobacteria bloom, green algae and duckweed.

Cyanobacteria blooms can look like slicks of opaque, bright green paint, or "pea soup," but closer inspection often reveals the grainy, sawdust-like appearance of individual colonies. Green algae are commonly encountered and typically are grassgreen in color and have stringy filaments that feel either slippery or like cotton. Some floating aquatic plants may look like algae, but close examination





shows that individual plants are present, such as duckweed.

Exposure to a HAB, if it is toxin-producing, can result in eye irritation, skin rash, mouth ulcers, vomiting, diarrhea, or cold and flu-like symptoms. Pets can be especially susceptible because they tend to drink while in the water and lick their fur after, increasing their risk of exposure and illness. Symptoms of animal illness include: vomiting and/or diarrhea, lethargy, abnormal liver function test results, difficulty breathing, foaming at the mouth, muscle twitching and sometimes death.

The California state and regional water boards have collaborated with the BloomWatch App (<u>http://cyanos.org/bloomwatch/</u>), which allows anyone observing a potential HAB to document it and send information to water managers. In using the app, each user will be asked to answer a few basic questions and provide pictures of the potential HAB. The public can also report the bloom directly to the water boards by calling the free HAB Hotline 1-844-729-6466, or report the bloom through the online HAB Portal <u>http://www.mywaterquality.ca.gov/habs/do/index.html#how</u>

Remember to always practice healthy water habits:

- Heed all instructions on posted advisory signs.
- Avoid body contact with cyanobacteria.
- Keep an eye on dogs and children, ensuring that they do not approach areas with HABs.
- Do not drink untreated lake or river water, and do not let your dog drink HAB-affected water. Common water purification techniques such as camping filters, tablets and boiling do not remove toxins.
- Do not cook or wash dishes with lake or river water.
- Wash yourself, your family and your pets with clean water after lake or river play.
- Consume fish only after the guts and liver have been removed and rinse filets.

For more information, please visit:

California Harmful Algal Blooms Portal: <u>http://www.mywaterquality.ca.gov/habs/</u>

BloomWatch! http://cyanos.org/bloomwatch/

California Cyanobacteria and Harmful Algal Bloom (CCHAB) Network: http://www.mywaterguality.ca.gov/monitoring_council/cyanohab_network/index.html

California Surface Water Ambient Monitoring Program Freshwater HAB webpage: http://www.waterboards.ca.gov/water_issues/programs/swamp/freshwater_cyanobacteria.shtml

California Department of Public Health: http://www.cdph.ca.gov/healthinfo/environhealth/water/Pages/Bluegreenalgae.aspx

CA Office of Environmental Health Hazard Assessment: Information on Microcystin