



**NORTH MARIN  
WATER DISTRICT**

**NORTH MARIN WATER DISTRICT  
AGENDA - REGULAR MEETING  
October 16, 2012 – 7:30 p.m.  
District Headquarters  
999 Rush Creek Place  
Novato, California**

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<b>Est. Time</b>	<b>Item</b>	<b>Subject</b>
7:30 p.m.		<b>CALL TO ORDER</b>
	1.	<b>APPROVE MINUTES FROM REGULAR MEETING</b> , October 2, 2012
	2.	<b>GENERAL MANAGER'S REPORT</b>
	3.	<b>OPEN TIME: (Please observe a three-minute time limit)</b>
		This section of the agenda is provided so that the public may express comments on any issues not listed on the agenda that are of interest to the public and within the jurisdiction of the North Marin Water District. When comments are made about matters not on the agenda, Board members can ask questions for clarification, respond to statements or questions from members of the public, refer a matter to staff, or direct staff to place a matter of business on a future agenda. The public may also express comments on agenda items at the time of Board consideration.
	4.	<b>STAFF/DIRECTORS REPORTS</b>
	5.	<b>MONTHLY PROGRESS REPORT w/ Customer Service Questionnaire</b>
	6.	<b>PRESENTATION: SCWA - Zebra and Quagga Mussels</b>
		<b>CONSENT CALENDAR</b>
		The General Manager has reviewed the following items. To his knowledge, there is no opposition to the action. The items can be acted on in one consolidated motion as recommended or may be removed from the Consent Calendar and separately considered at the request of any person.
	7.	<b>Consent - Approve</b> Lagunitas Creek Streamgaging Station Cost Sharing
	8.	<b>Consent - Approve</b> Renewal Grazing Leases - Grossi & Leveroni
	9.	<b>Consent - Approve</b> Renew Agreement for Bill Print Services
	10.	<b>Consent - Approve:</b> Contract for Engineering Services FY12/13- White and Prescott
		<b>ACTION CALENDAR</b>
	11.	<b>Approve:</b> Extension of Horizon CATV License Agreement
8:00 p.m.		<b>INFORMATION ITEMS</b>
	12.	Recycled Water South Service Area Construction Contract - Phase 1b and Impact on Meadow Park Hamilton Community
	13.	Review - Outside Auditor's 2012 Report, Single-Audit Report and Management Report
	14.	Press Release and Public Information - Point Reyes Well #3

All times are approximate and for reference only.

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

(Continued)

<b>Est. Time</b>	<b>Item</b>	<b>Subject</b>
	15.	Draft Annual Report
	16.	NBWA Meeting - October 12, 2012
	17.	<b>MISCELLANEOUS</b> Disbursements Self Insured Workers Compensation Update Scrap Metal Receipts  <u>News Articles:</u> Marin Wants to Keep Invasive Mussels Out of Water Supply New Novato Water recycling plant makes a splash Berg Sworn in as New Novato Chief of Police Novato Hires Economic Development Manager Settlement OK'd Ending Lawsuit Over Russian River Gravel Mining Water Costs Getting More Expensive Are We Better Off Privatizing Water?
	18.	<b>Closed Session:</b> Conference with Real Property Negotiator (Chris DeGabriele) regarding terms of Interconnection Agreement between North Marin Water District and Marin Municipal Water District (Government Code Section 54956.8)
9:30 p.m.	19.	<b>ADJOURNMENT</b>

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**DRAFT**  
**NORTH MARIN WATER DISTRICT**  
**MINUTES OF REGULAR MEETING**  
**OF THE BOARD OF DIRECTORS**  
October 2, 2012

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**CALL TO ORDER**

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President Petterle called the regular meeting of the Board of Directors of North Marin Water District to order at 7:30 p.m. at the District Headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Dennis Rodoni and John Schoonover. Also present were General Manager Chris DeGabriele, Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre. Director Fraites was absent.

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**MINUTES**

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

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AYES: Directors Baker, Rodoni, Petterle, Schoonover

NOES: None

ABSTAIN: None

ABSENT: Director Fraites

**GENERAL MANAGER'S REPORT**

**SMART Meeting**

Mr. DeGabriele advised that he and Drew McIntyre will meet with representatives of SMART on Thursday, October 4, to coordinate closure of the Rush Creek and Golden Gate Place railroad crossings as SMART plans for improvements to the pavements and crossing arms. He said that each crossing area will take about two days, and traffic is planned to be routed along District property. Mr. DeGabriele stated that he will advocate that work be done on the weekends and that he will request compensation for District staff to provide security so that traffic does not enter the District corporation yard.

**Meeting with Marin County Civil Grand Jury**

Mr. DeGabriele informed the Board that on Monday, October 8, David Bentley, Ryan Grisso and he will meet with two representatives from the Marin County Civil Grand Jury. He said that they are interested in the District's Water Conservation Programs, how effective the programs are and their impact on District water rates.

1 Joint NSD/NMWD Board Meeting and Recycled Water Dedication

2 The General Manager reminded the Board of Directors that Thursday, October 11 at 1:30  
3 p.m. there will be a joint Board of Directors meeting with Novato Sanitary District, followed by the  
4 Recycled Water Treatment Facility dedication.

5 General Manager Vacation

6 Mr. DeGabriele announced that he will be on vacation next Friday, October 12 and that  
7 David Bentley will be Acting General Manager.

8 **OPEN TIME:**

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

11 **STAFF/DIRECTORS REPORTS**

12 President Petterle asked if staff or Directors wished to bring up an item not on the agenda  
13 and the following item was discussed:

14 15 Gustafson Court

15 David Bentley reported that the bank sale of the house at 15 Gustafson Court has again  
16 been postponed to November 26, 2012.

17 **CONSENT CALENDAR**

18 On motion of Director Baker, seconded by Director Rodoni and carried by those Directors  
19 present, the following item was approved on the Consent Calendar:

20 **AUDITOR-CONTROLLER'S ANNUAL STATEMENT OF INVESTMENT POLICY**

21 The Board approved the Auditor-Controller's Annual Statement of Investment Policy which is  
22 presented annually to the Board for review. There are no changes in this investment policy from that  
23 approved by the Board last year.

24 **INFORMATION ITEMS**

25 **TAC MEETING - OCTOBER 1, 2012**

26 Mr. DeGabriele reported on the Technical Advisory Committee meeting of October 1, 2012.  
27 He stated that there was an update on the Local Hazard Mitigation Plan wherein it was reported that  
28 \$1.37M in FEMA funding has been secured for the Santa Rosa Aqueduct Rodgers Creek Fault  
29 Crossing Retrofit and \$7.69M is pending for the Russian River-Cotati Aqueduct crossing of the  
30 Russian River and Mark West Creek.



1 Mr. DeGabriele stated that the Agency reported that a valve was replaced by SCWA staff on  
2 the transmission system in Santa Rosa in preparation for shut-down of the Santa Rosa Aqueduct for  
3 the Rodgers Creek Crossing project. He advised that there were presentations on the proposed  
4 five-year update on the Agency's Strategic Plan and the Water Supply Action Plan which is updated  
5 annually. He said that he disclosed to the public that the TAC is embarking on an initiative to identify  
6 where future water supply projects will occur. Mr. DeGabriele advised that the TAC is working in an  
7 ad hoc committee to evaluate all future alternate projects, and the TAC will make recommendations  
8 to the WAC at its November 5<sup>th</sup> meeting.

9 Mr. DeGabriele said that Pam Jeane provided an update on the Biological Opinion and that  
10 she stated the demonstration project at Quivira Vineyards is going quickly and the Corps of  
11 Engineers Enhancement Project just downstream of Warm Springs Dam will break ground this  
12 month.

13 Mr. DeGabriele reported on a subsequent meeting wherein he met with Sonoma Supervisor  
14 Efren Carrillo, SCWA General Manager Grant Davis, SCWA Deputy General Manager Pam Jeane  
15 and Sonoma County's new health officer, Dr. Lynn Silver Chalfin to discuss fluoridation. He said  
16 that the Sonoma County Board of Supervisors are unanimous and strident in their desire to see the  
17 Russian River supply fluoridated and that the new health officer has been charged with this task. He  
18 stated that fluoridation of the water supply will likely come to fruition, but it needs to happen at the  
19 direction of the Board of Supervisors and the funding must come from other than the water  
20 contractors' ratepayers or taxpayers. He advised that he advocated for a solid technical plan and  
21 cost estimate developed before proceeding and that it is important that the decision and dollars be  
22 driven by the Sonoma County Board of Supervisors.

### 23 **MISCELLANEOUS**

24 The Board received the following miscellaneous item: Disbursements.

25 The Board received the following news articles: Mendocino County Judge Tosses Out  
26 State's Frost-Protection Rules, "Right to Water" Bill Gets Governor's Signature, Marin Voice: Why  
27 Marin Chiefs Oppose State Fire Fee, New Plant Pumps Recycled Water From San Rafael to  
28 Novato, Dairy Task Force Set To Begin and Measure A Endorsement.

### 29 **CLOSED SESSION**

30 President Petterle adjourned the Board into closed session at 7:43 p.m. for: In accordance  
31 with Government Code Section 54957.6; Conference with Labor Negotiators; District's Designated  
32 Representatives – Chris DeGabriele and David Bentley; Employee Organization – North Marin  
33 Water District Employee Association; and

1 In accordance with California Government Code Section 54957 for Public Employee  
2 Performance Evaluation (One), Title: General Manager.

3 **OPEN SESSION**

4 Upon returning to regular session at 8:05 p.m., President Petterle stated that during the  
5 closed session the Board had discussed the issues and no reportable action had been taken.

6 **ADJOURNMENT**

7 President Petterle adjourned the meeting at 8:06 p.m.

8 Submitted by

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Renee Roberts  
District Secretary

**NORTH MARIN WATER DISTRICT**  
**MONTHLY PROGRESS REPORT FOR September 2012**  
 October 16, 2012

1.

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

Month	FY12/13	FY11/12	FY10/11	FY09/10	FY08/09	13 vs 12 %
July	389	371	379	360	419	5%
August	396	373	368	367	417	6%
September	346	347	358	335	393	0%
FYTD Total	1,131	1,091	1,106	1,061	1,229	4%

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

Month	FY12/13	FY11/12	FY10/11	FY09/10	FY08/09	13 vs 12 %
July	9.8	9.2	9.9	10.0	11.8	6%
August	9.7	9.4	9.9	10.6	11.9	3%
September	8.3	8.7	9.2	9.6	10.2	-5%
FYTD Total	27.9	27.4	29.0	30.2	33.9	2%

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

Month	FY12/13	FY11/12	FY10/11	FY09/10	FY08/09	13 vs 12 %
July	49	115	109	152	131	-58%
August	83	126	108	150	128	-34%
September	72	77	112	155	117	-6%
FYTD Total	204	318	329	457	376	-36%

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

Month	FY12/13	FY11/12	FY10/11	FY09/10	FY08/09	13 vs 12 %
July	11.2	11.0	11.9	12.0	13.6	2%
August	10.5	12.2	11.2	12.9	13.6	-14%
September	8.5	9.6	9.5	10.2	10.9	-11%
FYTD Total	30.2	32.8	32.7	35.1	38.1	-8%

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**2. Stafford Lake Data**

	September Normal	September 2011	September 2012
Rainfall this month	0.0 Inches	0.0 Inches	0.0 Inches
Rainfall this FY to date	0.0 Inches	0.0 Inches	0.01 Inches
Lake elevation*	187.1 Feet	184.6 Feet	181.1 Feet
Lake storage**	925.4 MG	670.6 MG	510.9 MG

\* Spillway elevation is 196.0 feet

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

**Temperature (in degrees)**

	Minimum	Maximum	Average
Sept 2011 (STP)	50	101	70
Sept 2011 (Novato)	45	113	76
Sept 2012 (STP)	47	102	68
Sept 2012 (Novato)	48	108	73

September 30	Novato Water			Recycled Water			West Marin Wtr			Oceana Marin Swr		
	FY13	FY12	Incr %	FY13	FY12	Incr %	FY13	FY12	Incr %	FY13	FY12	Incr %
Total meters installed	20,747	20,742	0.0%	8	3	167%	820	818	0.2%	-	-	-
Total meters active	20,498	20,476	0.1%	2	2	0%	776	772	0.5%	-	-	-
Active dwelling units	23,943	23,869	0.3%	0	0	-	811	805	0.7%	227	227	0.0%

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**4. Oceana Marin Monthly Status Report (September)**

Description	FY 12-13	FY 11-12
Effluent Flow Volume (MG)	0.481	0.442
Irrigation Field Discharge (MG)	0.603	0
Treatment Pond Freeboard (ft)	3.9	3.4
Storage Pond Freeboard (ft)	7.4	7.2

**5. Developer Projects Status Report (September)**

Job No.	Project	% Complete	% This month
2766	7370 Redwood Blvd	90	85
2752	Hamilton Nursery	95	2
2754	Hamilton Elementary	95	3

**District Projects Status Report - Const Dept (September)**

Job No.	Project	% Complete	% This month
6502.44	Corp Yard Paving	100	5

**Employee Hours to Date, FY 12/13**

As of Pay Period Ending September 30, 2012

Percent of Fiscal Year Passed = 25%

Developer Projects	Actual	Budget	% YTD Budget	District Projects	Actual	Budget	% YTD Budget
Construction	495	1,694	29	Construction	751	3,815	20
Engineering	140	1,393	11	Engineering	1,264	3,855	33

**6. Safety/Liability**

Lost Days	Industrial Injury with Lost Time			Liability Claims Paid	
	OH Cost of Lost Days (\$)	No. of Emp. Involved	No. of Incidents	Incurred (FYTD)	Paid (FYTD) (\$)
FY through Sept 13	0	0	0	0	853
FY through Sept 12	0	0	0	0	0

Days without a lost time accident through September 30, 2012 = 261 days

## 7. Energy Cost

FYE	August			Fiscal Year-to-Date thru August		
	Kwh	¢/Kwh	Cost/Day	Kwh	¢/Kwh	Cost/Day
2013 Stafford TP	38,126	19.4¢	\$390	77,152	19.6¢	\$308
Pumping	206,255	13.8¢	\$710	304,245	15.2¢	\$823
Other*	51,139	20.9¢	\$334	98,072	21.1¢	\$323
	<u>295,521</u>	<u>15.7¢</u>	<u>\$1,328</u>	<u>479,469</u>	<u>17.1¢</u>	<u>\$1,489</u>
2012 Stafford TP	97,527	16.5¢	\$555	196,254	16.5¢	\$548
Pumping	182,965	14.5¢	\$916	459,730	14.2¢	\$1,022
Other*	43,888	21.3¢	\$301	87,151	21.3¢	\$304
	<u>324,380</u>	<u>16.0¢</u>	<u>\$1,926</u>	<u>743,135</u>	<u>15.6¢</u>	<u>\$1,762</u>
2011 Stafford TP	105,600	17.0¢	\$529	200,100	17.0¢	\$532
Pumping	213,553	13.8¢	\$895	419,872	14.4¢	\$944
Other*	48,096	21.2¢	\$308	97,985	20.8¢	\$328
	<u>367,249</u>	<u>15.7¢</u>	<u>\$1,749</u>	<u>717,957</u>	<u>16.0¢</u>	<u>\$1,823</u>

\*Other includes West Marin Facilities

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## 8. Water Conservation Update (September)

	Month of September 2012	Fiscal Year to Date	Program Total to Date
High Efficiency Toilet (HET) Rebate (\$150 each)	15	66	2482
Retrofit Certificates Filed	31	103	4560
Cash for Grass Rebates Paid Out	4	13	501
Washing Machine Rebates	15	57	5956
Water Smart Home Survey	10	91	1351

# NORTH MARIN WATER DISTRICT

## Summary of Complaints & Service Order September 2012

Prepared: 10/05/12

<u>Type</u>	<u>Sep-12</u>	<u>Sep-11</u>	<u>Action Taken September 2012</u>
<b><u>Consumers' System Problems</u></b>			
Service Line Leaks	31	29	Notified Consumer
Meter Leak Consumer's Side	0	0	~
House Plumbing	0	0	~
Noisy Plumbing	0	0	~
Seepage or Other	0	0	~
House Valve / Meter Off	9	7	Turned Back On
Nothing Found	8	6	Notified Consumer
Low Pressure	4	1	Failed PRV. Customer Notified. Failed PRV. Customer Notified. Adjusted PRV. Customer notified. Adjusted PRV. Customer notified.
High Pressure	1	0	Failed PRV. Customer Notified.
Water Waster Complaints	0	0	~
<b>Total</b>	<b>53</b>	<b>43</b>	
<b><u>Service Repair Reports</u></b>			
Register Replacements	0	0	~
Meter Replacement	1	4	Replaced
Meter Box Alignment	0	0	~
Meter Noise	0	1	~
Dual Service Noise	0	0	~
Box and Lids	4	0	Replaced
Water Off/On Due To Repairs	8	2	Notified Customer
Misc. Field Investigation	3	2	Notified Customer
<b>Total</b>	<b>16</b>	<b>9</b>	
<b><u>Leak NMWD Facilities</u></b>			
Main-Leak	0	0	~
Mains-Nothing Found	0	0	~
Mains-Damage	1	0	Repaired
Service- Leak	9	18	Repaired
Services-Nothing Found	4	4	Notified Customer
Service-Damaged	0	0	~
Fire Hydrant-Leak	2	0	Repaired
Fire Hydrants-Nothing Found	0	0	~
Fire Hydrants-Damaged	0	1	~
Meter Replacement	0	0	~
Meters-Leak	0	0	~
Meters-Nothing Found	0	0	~
Meters Damaged	0	0	~
Washer Leaks	15	8	Replaced
<b>Total</b>	<b>31</b>	<b>31</b>	

# NORTH MARIN WATER DISTRICT

## Summary of Complaints & Service Order September 2012

Prepared: 10/05/12

<u>Type</u>	<u>Sep-12</u>	<u>Sep-11</u>	<u>Action Taken September 2012</u>
<b><u>High Bill Complaints</u></b>			
Consumer Leaks	8	18	Notified Customer
Meter Testing	0	0	~
Meter Misread	0	2	~
Nothing Found	46	33	Notified Customer
Projected Consumption	0	0	~
Excessive Irrigation	7	5	Notified Customer
<b>Total</b>	<b>61</b>	<b>58</b>	
<b><u>Low Bill Reports</u></b>			
Meter Misread	0	0	~
Stuck Meter	0	1	~
Nothing Found	0	1	~
Projected Consumption	0	0	~
Minimum Charge Only	0	0	~
<b>Total</b>	<b>0</b>	<b>2</b>	
<b><u>Water Quality Complaints</u></b>			
Taste and Odor	5	2	<p><b><i>Customer reported chemical taste from kitchen faucet. (Indian Hills Dr)</i></b>                      Chemical taste most likely chlorine. Results were normal. Customer notified.</p> <p><b><i>Customer reported algae taste in water. (Shannon Ct)</i></b>                      Chemical taste most likely chlorine. Results were normal. Customer notified.</p> <p><b><i>Customer reported bad taste in water. (La Noche Ct)</i></b>                      Chemical taste most likely chlorine. Results were normal. Customer notified.</p> <p><b><i>Customer reported bad smell in water. (Ormond Ct)</i></b>                      Odor due to backflow pressurized hose. Results were normal. Customer notified.</p> <p><b><i>Customer reported strong sulfur smell in water. (Oliva Ct)</i></b>                      Odor coming from consumers drain. Results were normal. Customer notified.</p>
Color	1	1	<p><b><i>Customer reported brown water between 7 PM &amp; 8 PM on August 30th. (Joan Ave)</i></b>                      STP changed the intake level which have caused water to have higher turbidity levels.</p>
Turbidity	0	0	~

## NORTH MARIN WATER DISTRICT

### Summary of Complaints & Service Order September 2012

Prepared: 10/05/12

<u>Type</u>	<u>Sep-12</u>	<u>Sep-11</u>	<u>Action Taken September 2012</u>
Suspended Solids	1	0	<b>Customer reported white powder clogging fixtures. (San Ramon Way)</b> White power most likely dip tube from water heater. Customer notified of results.
Other	2	0	<b>Customer reported earthworms in brand new toilet. (Hayes St)</b> Worms were most likely coming up from the sewer. <b>Customer wanted pool water tested. (Estrella Ct)</b> NMWD water was normal. Customer was notified of results.
<b>Total</b>	<u><u>9</u></u>	<u><u>3</u></u>	
<b>TOTAL FOR MONTH:</b>	<u><u>170</u></u>	<u><u>146</u></u>	<u><u>16%</u></u>

#### Fiscal YTD Summary

Consumer's System Problems	146	129
Service Repair Report	47	28
Leak Complaints	97	101
High Bill Complaints	197	138
Low Bills	1	3
Water Quality Complaints	18	12
<b>Total</b>	<u><u>506</u></u>	<u><u>411</u></u>

#### Change Primarily Due To

13%	Increase In Consumer Line Leaks
68%	Increase In Box & Lid Replacement
-4%	Decrease In Service Line Leak
43%	Increase In Nothing Found
-67%	Decrease In Nothing Found
50%	Increase in Taste & Odor
<u><u>23%</u></u>	



## NORTH MARIN WATER DISTRICT

### Summary of Complaints & Service Order September 2012

Prepared: 10/05/12

<u>Type</u>	<u>Sep-12</u>	<u>Sep-11</u>	<u>Action Taken September 2012</u>
<b><u>"In House" Generated and Completed Work Orders</u></b>			
<b><u>Check Meter:</u></b> possible consumer/District leak, high bill, flooded, need read, etc.	221	223	
<b><u>Change Meter:</u></b> leaks, hard to read	12	9	
<b><u>Possible Stuck Meter</u></b>	0	5	
<b><u>Repair Meter:</u></b> registers, shut offs	0	0	
<b><u>Replace Boxes/Lids</u></b>	1	9	
<b><u>Hydrant Leaks</u></b>	0	0	
<b><u>Trims</u></b>	22	42	
<b><u>Dig Outs</u></b>	37	57	
<b><u>Letters to Consumer:</u></b> meter obstruction, trims, bees, gate access, etc.	0	0	
<b><u>Misc:</u></b> locate meter, get meter number, cross connection follow ups, kill service, etc.	0	0	
	<u>293</u>	<u>345</u>	

### Bill Adjustments Under Board Policy:


#### September 12 vs. September 11

Sep-12	37	\$12,465
Sep-11	31	\$9,394

#### Fiscal Year to Date vs. Prior FYTD

12/13 FYTD	105	\$29,351
11/12 FYTD	77	\$17,738

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		Response		Agree	Neutral	Disagree
 NMWD						
<b>Water Quality</b>						
Courteous & Helpful	Agree	Neutral	Disagree	1		
Accurate Information	2			1		
Prompt Service	2			1		
Satisfactorily Resolved	1		1			
Overall Experience	1			5	0	0
<b>Leak</b>						
Courteous & Helpful	Agree	Neutral	Disagree			
Accurate Information	11	2				
Prompt Service	11	2				
Satisfactorily Resolved	10	2				
Overall Experience	11	2		0	0	0
<b>Billing</b>						
Courteous & Helpful	Agree	Neutral	Disagree			
Accurate Information	7					
Prompt Service	6	1				
Satisfactorily Resolved	7					
Overall Experience	4	1				
	6	1				
	30	3	0			
<b>Other</b>						
Courteous & Helpful	Agree	Neutral	Disagree			
Accurate Information	7					
Prompt Service	6					
Satisfactorily Resolved	4					
Overall Experience	6					
	30	0	0			
<b>Grand Total</b>						
	103	13	1			
	88%	11%	1%			
<b>Questionnaires Sent Out</b>						
	280	100%				
<b>Questionnaires Returned</b>						
	25	9%				

# Customer Service Questionnaire Quarterly Report

Quarter Ending 09/30/12

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Issues NMWD Should Address In The Future

Staff Response to Negative Comments

Customer Comments

**Water Quality**

Your staff is wonderful.

**Leaks**

Your staff solved the problem. Everyone was fantastic. I appreciate the consideration shown to me surrounding our leak. Your service was very prompt and professional. Job well done.

Very prompt. Friendly and helpful.

Rich provided great service.

Customer Service was excellent.

Rich was very helpful to us.

**Noisy Pipes**

**Billing**

The staff was very nice and helpful. Still can't understand why my neighbor and I have the exact use. Miguel found a problem with our irrigation system.

**Other**

Pleasant and helpful. Thank you.

**Pressure**

NMWD discovered a hidden pressure regulator. It was missed by three plumbers. Most grateful.

Explained to customer the use was higher due to several leaks. Neighbor's use was normal.

## MEMORANDUM

To: Board of Directors

October 12, 2012

From: David L. Bentley, Auditor-Controller 

Subj: Auditor-Controller's Monthly Report of Investments for September 2012

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**RECOMMENDED ACTION:** Information

**FINANCIAL IMPACT:** None

At month end the District's Investment Portfolio had an amortized cost value (i.e., cash balance) of \$7,578,994 and a market value of \$7,587,071. During September the cash balance decreased by \$677,647. For the fiscal year, the cash balance decreased \$2,930,398. The market value of securities held decreased by \$1,216 during the month. The ratio of total cash to budgeted annual operating expense, excluding the \$6,777,105 unexpended balance of the Bank of Marin loan, stood at 7%, down 4% from the prior month. This compares to the District's target ratio of 90%, or \$11 million. To date, \$6,173,929 has been advanced for the recycled water expansion project pending receipt of grant and SRF Loan funds.

At September 30, 2012, 77% of the District's Portfolio was invested in California's Local Agency Investment Fund (LAIF), and 16% in Time Certificate of Deposits placed in a Novato bank, and with Ally Bank. The weighted average maturity for the portfolio was 58 days, compared to 35 days at the end of last month. The LAIF interest rate for the month was 0.35%, compared to 0.38% the previous month. The weighted average Portfolio rate was 0.44%, compared to 0.45% the previous month. Including interest paid by Black Point Partners on the StoneTree Golf Club Recycled Water Facilities Loan, the District earned \$22,579 in interest revenue during September with 78% earned by Novato Water and the balance distributed to the other improvement districts.

State Controller John Chiang's September report on California's financial position stated:

"September's numbers narrowly missed estimates in the State budget. Overall, revenues in the first quarter were 1 percent off projections, which indicates that the State's cash position – its ability to pay bills in full and on time – is stable."

The State ended the last fiscal year with a cash deficit of \$9.6 billion. As of September 30, that cash deficit totaled \$22.3 billion, and is being covered with \$12.3 billion of internal borrowing (temporary loans from special funds) and \$10 billion of external borrowing."

**NORTH MARIN WATER DISTRICT  
AUDITOR-CONTROLLER'S MONTHLY REPORT OF INVESTMENTS  
September 30, 2012**

Type	Description	S&P Rating	Purchase Date	Maturity Date	Cost Basis <sup>1</sup>	9/30/2012 Market Value	Yield <sup>2</sup>	% of Portfolio
<b>LAIF</b>	State of CA Treasury	A	Various	Open	\$5,833,360	\$5,840,475	0.35% <sup>3</sup>	77%
<b>Time Certificate of Deposit</b>								
TCD	Bank of Marin	n/a	6/3/11	6/3/13	\$1,000,000	\$1,000,000	1.00%	13%
TCD	Ally Bank	n/a	9/28/12	10/1/14	248,000	248,000	0.85%	3%
					<u>\$1,248,000</u>	<u>\$1,248,000</u>	<u>0.97%</u>	<u>16%</u>
<b>Other</b>								
Agency	Marin Co Treasury	AA+	Various	Open	\$333,705	\$333,705	0.22%	4%
Bond	Olema G.O. Bond	A+	5/31/91	1/1/15	11,213	12,177	5.00%	0%
Other	Various	n/a	Various	Open	152,716	152,716	0.00%	2%
<b>TOTAL IN PORTFOLIO</b>					<b>\$7,578,994</b>	<b>\$7,587,071</b>	<b>0.44%</b>	<b>100%</b>

Weighted Avg. Maturity = 58 Days

LAIF: State of California Local Agency Investment Fund.

Agency: West Marin General Obligation Bond Fund tax receipts & STP State Revolving Fund Loan Reserve.

Bond: Annual \$4,113 payment is paid by tax levy on Olema residents.

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

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

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

3 Earnings are calculated daily - this represents the average yield for the month ending September 30, 2012.

<b>Interest Bearing Loans</b>	Loan Date	Maturity Date	Original Loan Amount	Principal Outstanding	Interest Rate
Black Point Partners-BPGL	6/30/06	2/28/24	\$3,612,640	\$2,494,187	2.40%
Employee Housing Loans (8)	Various	Various	1,441,785	1,441,785	Contingent
Employee Computer Loans (7)	Various	Various	13,264	4,718	1.70% (avg)
<b>TOTAL INTEREST BEARING LOANS</b>			<b>\$5,067,689</b>	<b>\$3,940,690</b>	

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

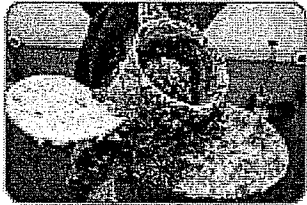
# North Coast Consortium - quagga, zebra mussel prevention

HELP KEEP

**LAKES SONOMA &  
MENDOCINO**

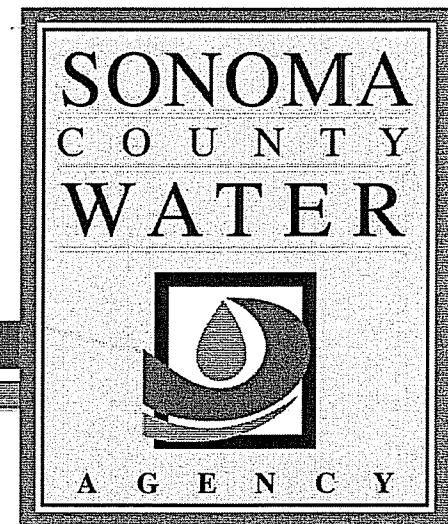
OPEN TO BOATING RECREATION  
DON'T MOVE A MUSSEL

LEARN MORE



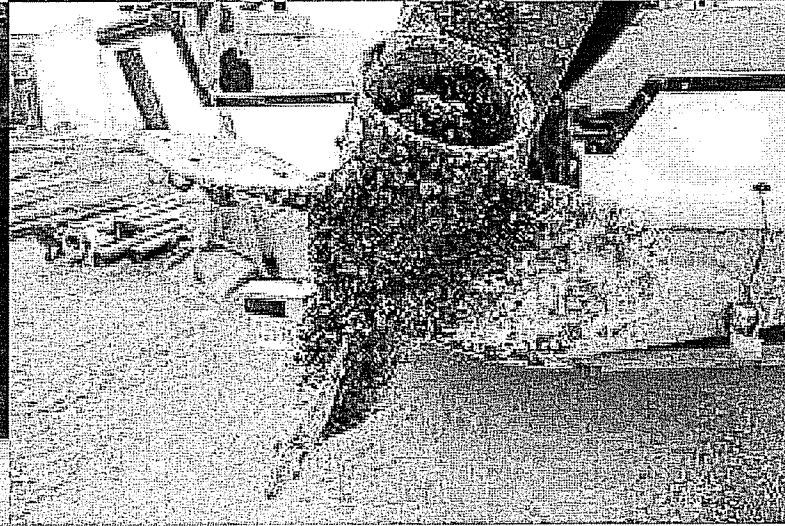
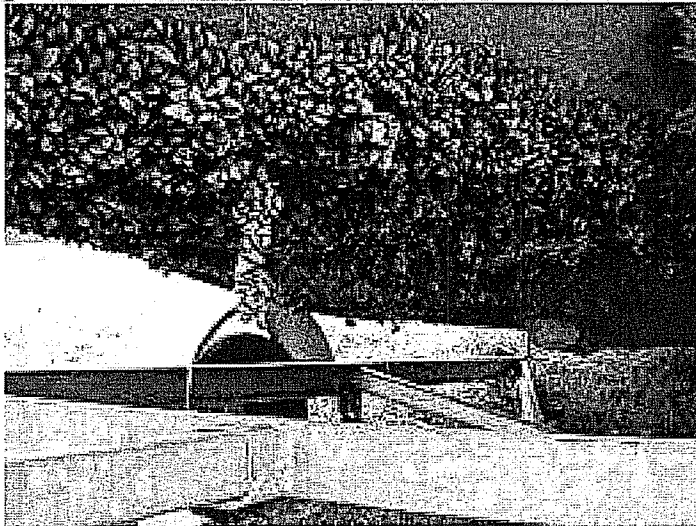
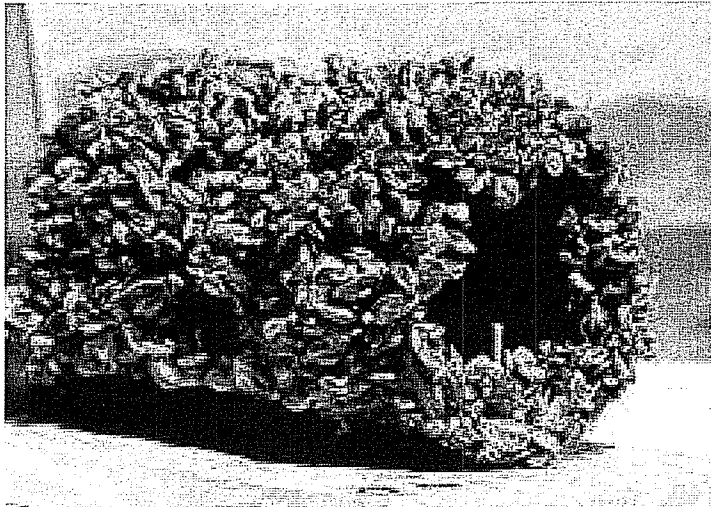
Brad Sherwood  
Public Information Officer  
(707) 547-1927  
sherwood@scwa.ca.gov

[www.sonomacountywater.org](http://www.sonomacountywater.org)



# Quagga/zebra mussels

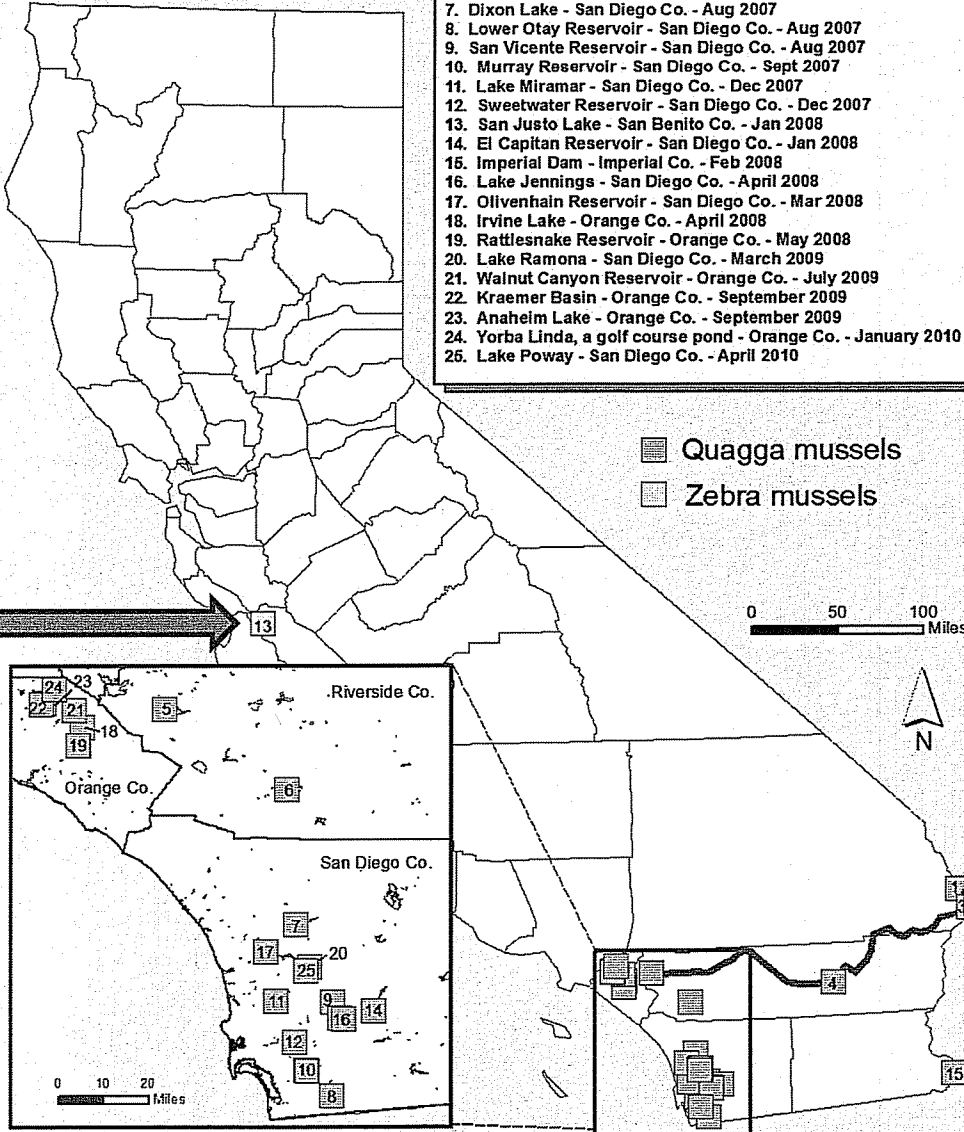
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# Quagga and Zebra Mussel Sightings Distribution in California, 2007-2011

## LOCATIONS

1. Lake Havasu - San Bernardino Co. - Jan 2007
2. Colorado River - Parker Dam - San Bernardino Co. - Jan 2007
3. Copper Basin Reservoir - San Bernardino Co. - Mar 2007
4. Colorado River Aqueduct - Riverside Co. - July 2007
5. Lake Matthews - Riverside Co. - Aug 2007
6. Lake Skinner - Riverside Co. - Aug 2007
7. Dixon Lake - San Diego Co. - Aug 2007
8. Lower Otay Reservoir - San Diego Co. - Aug 2007
9. San Vicente Reservoir - San Diego Co. - Aug 2007
10. Murray Reservoir - San Diego Co. - Sept 2007
11. Lake Miramar - San Diego Co. - Dec 2007
12. Sweetwater Reservoir - San Diego Co. - Dec 2007
13. San Justo Lake - San Benito Co. - Jan 2008
14. El Capitan Reservoir - San Diego Co. - Jan 2008
15. Imperial Dam - Imperial Co. - Feb 2008
16. Lake Jennings - San Diego Co. - April 2008
17. Olivenhain Reservoir - San Diego Co. - Mar 2008
18. Irvine Lake - Orange Co. - April 2008
19. Rattlesnake Reservoir - Orange Co. - May 2008
20. Lake Ramona - San Diego Co. - March 2009
21. Walnut Canyon Reservoir - Orange Co. - July 2009
22. Kraemer Basin - Orange Co. - September 2009
23. Anaheim Lake - Orange Co. - September 2009
24. Yorba Linda, a golf course pond - Orange Co. - January 2010
26. Lake Poway - San Diego Co. - April 2010



Nearest mussels:  
San Justo Reservoir (Hollister)

Data Sources: California Dept. of Fish and Game, City of San Diego Water Authority, Imperial Irrigation District, Helix Water District, Irvine Ranch Water District, National Park Service.  
Map produced by the U.S. Geological Survey, May 24, 2011.





# Current Prevention Conditions

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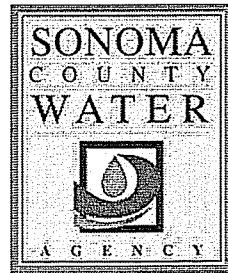
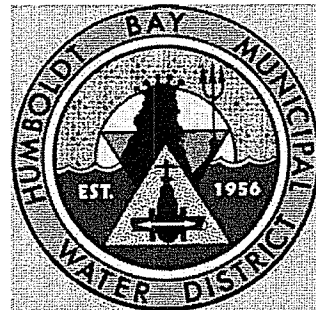
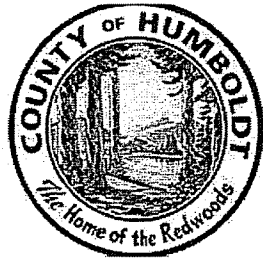
- Before the Consortium, no regional prevention plan existed
- Region relying on local prevention plans
  - Lake County (Clear Lake)
  - Humboldt Bay Municipal Water District (Ruth Lake)
- No prevention plan/program at Lake Sonoma or Lake Mendocino



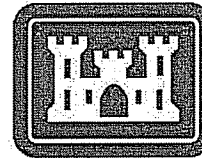
# Consortium Prevention Plan

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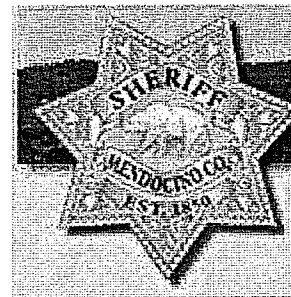
## Signatories:



## Partners:



**US Army Corps  
of Engineers**®  
San Francisco District



# Consortium Prevention Efforts

---

- Developed Prevention Plan
- Vulnerability assessment
- Financial feasibility study
- Legislative outreach
  - AB 2443 – Statewide fee
- Public outreach
  - [www.dontmoveamussel.com](http://www.dontmoveamussel.com)
  - Popeye the mussel-sniffing dog inspections



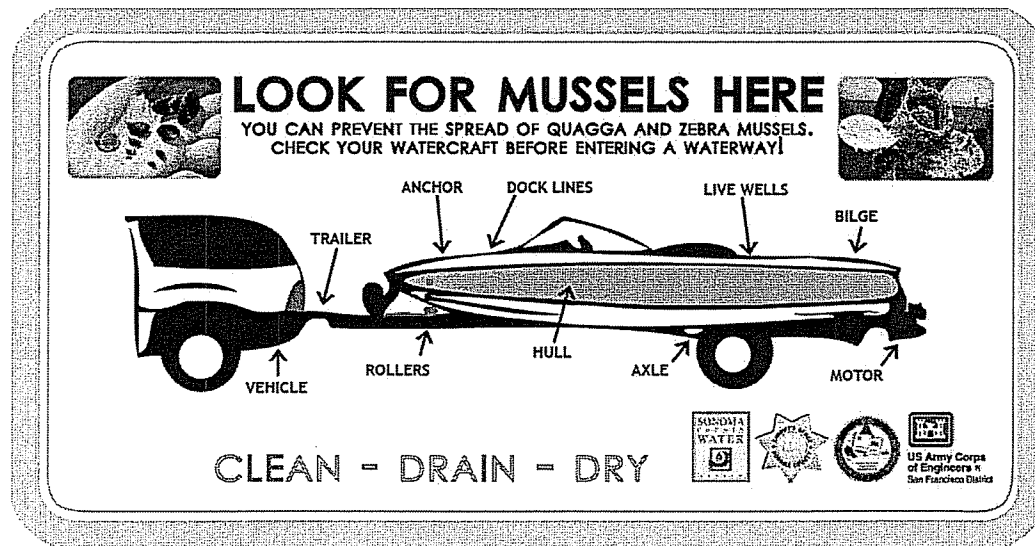
# Inspection Requirements

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- **All vessels entering the waterway must be inspected, including flotation devices**
- **All vessels/watercraft must be clean, drained and dry**
- **Quarantine guidelines**
  - **Indefinite: Commercially hauled, out-of-state, registered in a County South of Tehachapi Mountains**
  - **30 days: Launched in infested waterway**
  - **5 days: Vessel un-banded, wet and/or dirty**

# Inspection Fees

- Annual “Lake Hopper” banding fee
- Daily inspection fee(s)
- Fees to be based on cost of inspection programs
  - Approx. \$100,000 per lake, not including start-up costs



# Lake Hopper Band/Sticker Program

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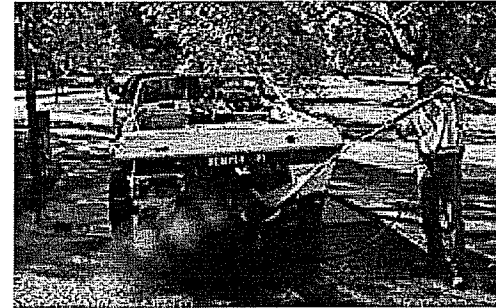
- One time fee
- Band placed between winch hook and eye attachments
- Band good at approved North Coast Consortium locations
- No major inspection needed if band shows no signs of being tampered with or removed



# Mussels on Inspected Vessel

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- Vessel is permanently quarantined and returned home
- CA Dept. Fish and Game notified by inspectors
- Dept. Fish and Game inspects boat and works with the vessel owner to decontaminate the boat
  - High hot water pressure, cleaned, drained, dried
- Only CA Dept. Fish and Game can release vessel from quarantine list



# What's Next?

---

- **Consortium, U.S. Army Corps of Engineers**
  - **Vulnerability assessment**
  - **Program implementation/financial feasibility RFQ**
- **Goal: Begin mandatory inspection program Summer 2013**
- **Ongoing public outreach, voluntary inspection programs**



# Provide Comments, Follow Us

---

- [www.dontmoveamussel.com](http://www.dontmoveamussel.com)
- Join our e-mail list
  - Review Consortium updates, news
  - Sign-up tonight or register online
  - [www.dontmoveamussel.com](http://www.dontmoveamussel.com)

## MEMORANDUM

To: Board of Directors  
From: Robert Clark, Operations/Maintenance Superintendent  
Chris DeGabriele, General Manager  
Subject: Lagunitas Creek Streamgaging Station Cost Sharing  
t:\gm\west marin\usgs\usgs gallagher streamgage agr bod memo october 2012 file 1546.15.doc

October 12, 2012

**RECOMMENDED ACTION:** Approve Funding Agreement with USGS for Gallagher Streamgage

**FINANCIAL IMPACT:** \$7,525 (West Marin Operations Budget)  
\$10,505 (Gallagher Auxiliary Streamgage - Capital Improvement Projects Budget)

### BACKGROUND:

The Lagunitas Creek streamgaging station located at the Gallagher Ranch bridge near Point Reyes Station (11460600) is owned, operated and maintained by the U.S. Geological Survey (USGS). The USGS no longer sees the benefit of operating this gage and stopped funding in 1996. The North Marin Water District (NMWD), the National Park Service – Point Reyes National Seashore (NPS) and Marin Municipal Water District (MMWD) all benefit from the information obtained through this gage. NPS and MMWD initially agreed to fund the program for USGS by sharing the costs until 1997/98. NMWD, NPS and MMWD have shared funding of this streamgage since that time. The information obtained from this gage is used to make operational decisions and it serves as criteria for implementation of off-tide pumping from the Point Reyes wells. USGS has requested to have the attached agreement in place by November 1, 2012 for the period November 1, 2011 to October 31, 2012. NMWD's share of the cost is the same as last year.

The Joint Funding Agreement this year also includes installation and operation of an auxiliary gage downstream of the existing Gallagher Gage for use by NMWD to satisfy California Department of Fish and Wildlife (CDFW) requirements pursuant to the adopted Mitigated Negative Declaration for the Gallagher Well and Pipeline Projects. To date MMWD and NPS have not agreed to share in this additional cost. Costs are included in the FY 2012/13 Capital Improvement Project budget for this auxiliary gage.

Additional work will have to be completed to fully satisfy CDFW and NMWD staff has solicited proposals from consultants to prepare a hydrologic design plan which will incorporate this auxiliary gage. Authorization for the additional consultant work will be considered by the Board hopefully prior to the end of this calendar year.

Approved by GM CD

Date 10/12/2012

RECOMMENDATION

Board approve the funding request and NMWD share in the amount of \$18,030 and authorize the General Manager to enter into the agreement with the USGS.



# United States Department of the Interior

U.S. GEOLOGICAL SURVEY  
California Water Science Center  
6000 J Street, Placer Hall  
California State University  
Sacramento, California 95819-6129  
Phone: (916) 278-3000 Fax: (916) 278-3070  
<http://water.wr.usgs.gov>

RECEIVED

OCT 03 2012

North Marin Water District

September 28, 2012

Mr. Chris DeGabriele, General Manager  
North Marin Water District  
Post Office Box 146  
Novato, California 94948

Dear Mr. DeGabriele:

This letter confirms discussions between our respective staffs, concerning the cooperative water resources program between the North Marin Water District (NMWD) and the U.S. Geological Survey (USGS) during the period November 1, 2012 to October 31, 2013.

The proposed program and associated costs are as follows:

<u>Station number and name</u>	<u>Cost</u>
11460600 Lagunitas Creek near Point Reyes Station	\$ 7,525
NEW Auxillary Gage downstream of Lagunitas Creek near Point Reyes Station	
Construction	9,375
Low Flow O&M September 2013	<u>1,130</u>
<b>TOTAL</b>	<b>\$18,030</b>

The cost of the streamgaging station Lagunitas Creek near Point Reyes Station (11460600) will be shared between the NMWD, Marin Municipal Water District (MMWD) and the National Park Service - Point Reyes National Seashore (NPS). Operation and maintenance costs for this streamgaging station during the subject period are \$22,600. Federal matching funds are not available for this station, so the entire cost will be the responsibility of the NMWD, MMWD and NPS. In Water Year 2013, an auxillary gage will be added downstream of 11460600 to compare flows before and after a municipal production well. The total program cost to NMWD, including your agency's portion of the shared cost, will be \$18,030.

Enclosed are two originals of Joint Funding Agreement (JFA) 13WSCA28600, signed by our agency, for your approval. If you are in agreement with this proposed program, please return one fully executed JFA to our office. Work performed with funds from this agreement will be conducted on a fixed-price basis. Billing for this agreement will be rendered annually.

**Mr. Chris DeGabriele, District Manager- North Marin Water District**

The USGS is required to have an agreement in place prior to any work being performed on a project. We request that a fully executed JFA be returned prior to November 1, 2012. If it is not received by November 1, we will be required to suspend operations until an agreement is received.

If you have any questions concerning this program, please contact Mike Webster, in our Ukiah Field Office, at (707) 468-4042. If you have any administrative questions, please contact Tammy Seubert, in our Sacramento Office, at (916) 278-3040.

Sincerely,

*Donna Schiffer, acting*

Eric G. Reichard  
Director, USGS California Water Science Center

Enclosures

cc: Robert Clark  
North Marin Water District  
Post Office Box 146  
Novato, California 94948

Michael Webster, USGS CAWSC

OCT 03 2012

North Marin Water District

Page 1 of 2

Form 9-1366  
(Oct. 2005)

U.S. Department of the Interior  
U.S. Geological Survey  
Joint Funding Agreement

Customer #: 6000000980  
Agreement #: 13WSCA28600  
Project #:  
TIN #: 94-6002892  
Fixed Cost Agreement  Yes  No

FOR  
WATER RESOURCES INVESTIGATIONS

THIS AGREEMENT is entered into as of the 1st day of November, 2012, by the U.S. GEOLOGICAL SURVEY, UNITED STATES DEPARTMENT OF THE INTERIOR, party of the first part, and the NORTH MARIN WATER DISTRICT, party of the second part.

1. The parties hereto agree that subject to availability of appropriations and in accordance with their respective authorities there shall be maintained in cooperation for cooperative resources investigations in the North Marin Water District area, herein called the program. The USGS legal authority is 43 USC 36C; 43 USC 50; and 43 USC 50b.
2. The following amounts shall be contributed to cover all of the cost of the necessary field and analytical work directly related to this program. 2(b) includes In-Kind Services in the amount of \$0.

(a) \$0.00 by the party of the first part during the period  
November 1, 2012 to October 31, 2013

(b) \$18,030.00 by the party of the second part during the period  
November 1, 2012 to October 31, 2013

USGS DUNS IS 1761-38857.

- (c) Additional or reduced amounts by each party during the above period or succeeding periods as may be determined by mutual agreement and set forth in an exchange of letters between the parties.
- (d) The performance period may be changed by mutual agreement and set forth in an exchange of letters between the parties.
3. The costs of this program may be paid by either party in conformity with the laws and regulations respectively governing each party.
4. The field and analytical work pertaining to this program shall be under the direction of or subject to periodic review by an authorized representative of the party of the first part.
5. The areas to be included in the program shall be determined by mutual agreement between the parties hereto or their authorized representatives. The methods employed in the field and office shall be those adopted by the party of the first part to insure the required standards of accuracy subject to modification by mutual agreement.
6. During the course of this program, all field and analytical work of either party pertaining to this program shall be open to the inspection of the other party, and if the work is not being carried on in a mutually satisfactory manner, either party may terminate this agreement upon 60 days written notice to the other party.
7. The original records resulting from this program will be deposited in the office of origin of those records. Upon request, copies of the original records will be provided to the office of the other party.

Form 9-1366  
continued

U.S. Department of the Interior  
U.S. Geological Survey  
Joint Funding Agreement

Customer #: 6000000980  
Agreement #: 13WSCA28600  
Project #:  
TIN #: 94-6002892

- 8. The maps, records, or reports resulting from this program shall be made available to the public as promptly as possible. The maps, records, or reports normally will be published by the party of the first part. However, the party of the second part reserves the right to publish the results of this program and, if already published by the party of the first part shall, upon request, be furnished by the party of the first part, at costs, impressions suitable for purposes of reproduction similar to that for which the original copy was prepared. The maps, records, or reports published by either party shall contain a statement of the cooperative relations between the parties.
- 9. USGS will issue billings utilizing Department of the Interior Bill for Collection (form DI-1040). Billing documents are to be rendered **annually**. Payments of bills are due within 60 days after the billing date. If not paid by the due date, interest will be charged at the current Treasury rate for each 30 day period, or portion thereof, that the payment is delayed beyond the due date. (31 USC 3717; Comptroller General File B-212222, August 23, 1983).

U.S. Geological Survey  
United States  
Department of the Interior

NORTH MARIN WATER DISTRICT

USGS Point of Contact

Customer Point of Contact

Name: Tammy Seubert  
Address: 6000 J Street, Placer Hall  
Sacramento, California 95819-6129  
Telephone: 916-278-3040  
Email: tseubert@usgs.gov

Name: Chris DeGabriele, General Manager  
Address: Post Office Box 146  
Novato, California 94948  
Telephone:  
Email:

Signatures

Signatures

By Donna Schiffer, acting Date 9/28/2012  
Name: Eric G. Reichard  
Title: Director, USGS California Water  
Science Center

By \_\_\_\_\_ Date \_\_\_\_\_  
Name:  
Title:

By \_\_\_\_\_ Date \_\_\_\_\_  
Name:  
Title:

By \_\_\_\_\_ Date \_\_\_\_\_  
Name:  
Title:

By \_\_\_\_\_ Date \_\_\_\_\_  
Name:  
Title:

By \_\_\_\_\_ Date \_\_\_\_\_  
Name:  
Title:

**MEMORANDUM**

To: Board of Directors

October 12, 2012

From: David L. Bentley, Auditor-Controller 

Subj: Approve – Renewal of Grazing Leases – Grossi & Leveroni  
t:\ac\word\memo\12\grazing agreement renewal.docx

**RECOMMENDED ACTION:** Approve

**FINANCIAL IMPACT:** \$2,784 in Annual Grazing Lease Revenue

The two attached grazing leases renew existing agreements for a two year period. The agreements with Grossi and Leveroni originated in 1959. The 13-acre grazing lease with Kruger that originated in 2007 was terminated in March of 2012 after Kruger determined it was not worthwhile to continue. The annual rent amount is determined by reference to the wholesale value of cattle. The value of grazing land in the Bay Area increased 25% compared to 2010 when these agreements were last renewed, and is up 14% from 2011. David Amme, Wildland Vegetation Program Manager for the East Bay Regional Park District, explained that there was a major selloff of cattle in June of 2012 as the drought shriveled crops.

George Grossi leases two parcels totaling 119 acres. The single parcel leased by the Leveroni brothers is 27 acres. See attached map.

Since 1978 the District has calculated the value of its grazing property by tying it to the market value of the cattle the property can support. Rental rates are set as a function of the June selling price of choice feeder steers (500 – 800 lbs. class). June is used because it is the major period of selling. The June 2012 rate translates to a lease value of \$21.25 per Animal Unit Month. An AUM is the number of months of grazing a leased parcel will yield in a normal year for a cow with calf. For example, in consultation with Grossi, and based on the USDA “Soil Survey in Marin County”, we have agreed that the 119 acres of land he leases can sustain 105 animal months of grazing per year. The calculation is then to multiply \$21.25 times 105 to arrive at the value of the leased property.

The District adopted the AUM method from East Bay Regional Parks, which manages thousands of acres of grazing land. The AUM method is used by the Federal Bureau of Land Management, and hence is also used by the Point Reyes National Seashore. The Marin County Open Space District recently entered into a five-year grazing agreement with West Marin Rancher Bill Barboni for use of Mount Burdell property at a rate of \$9.50/AUM. MMWD does not lease lands for grazing.

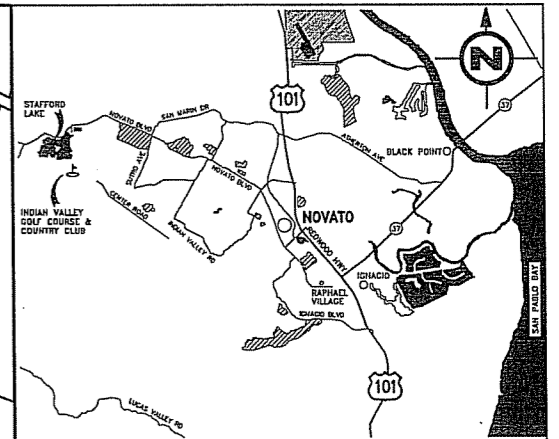
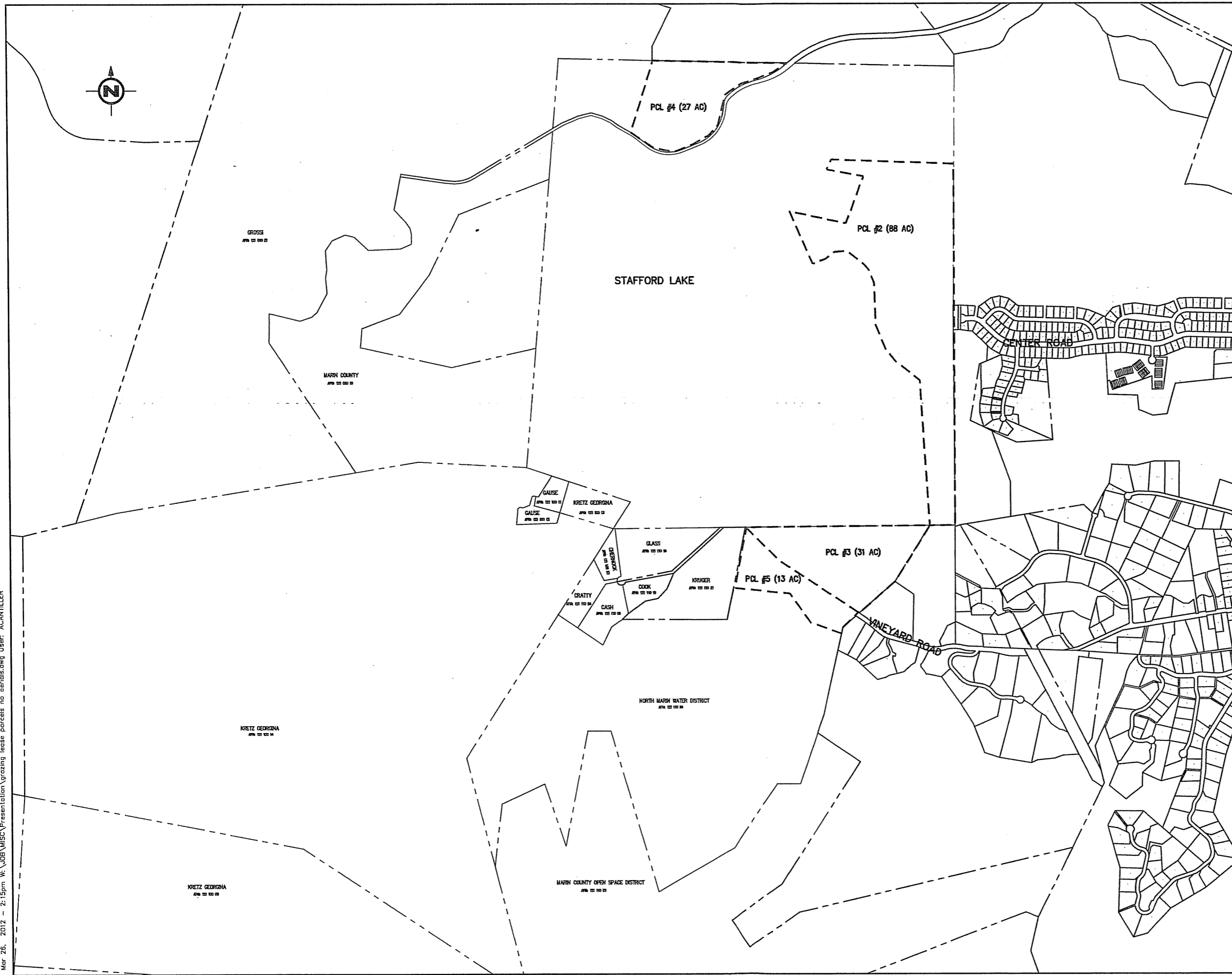
**RECOMMENDATION:** Approve renewal of the grazing lease agreements with George Grossi (2 parcels totaling 119 acres) and David & Paul Leveroni (1 parcel totaling 27 acres).

Approved by GM 

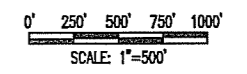
Date 10/12/12



Mar 26, 2012 - 2:15pm W:\JOB\MISC\Presentation\grazing lease parcels no aerials.dwg User: ACANTILLER

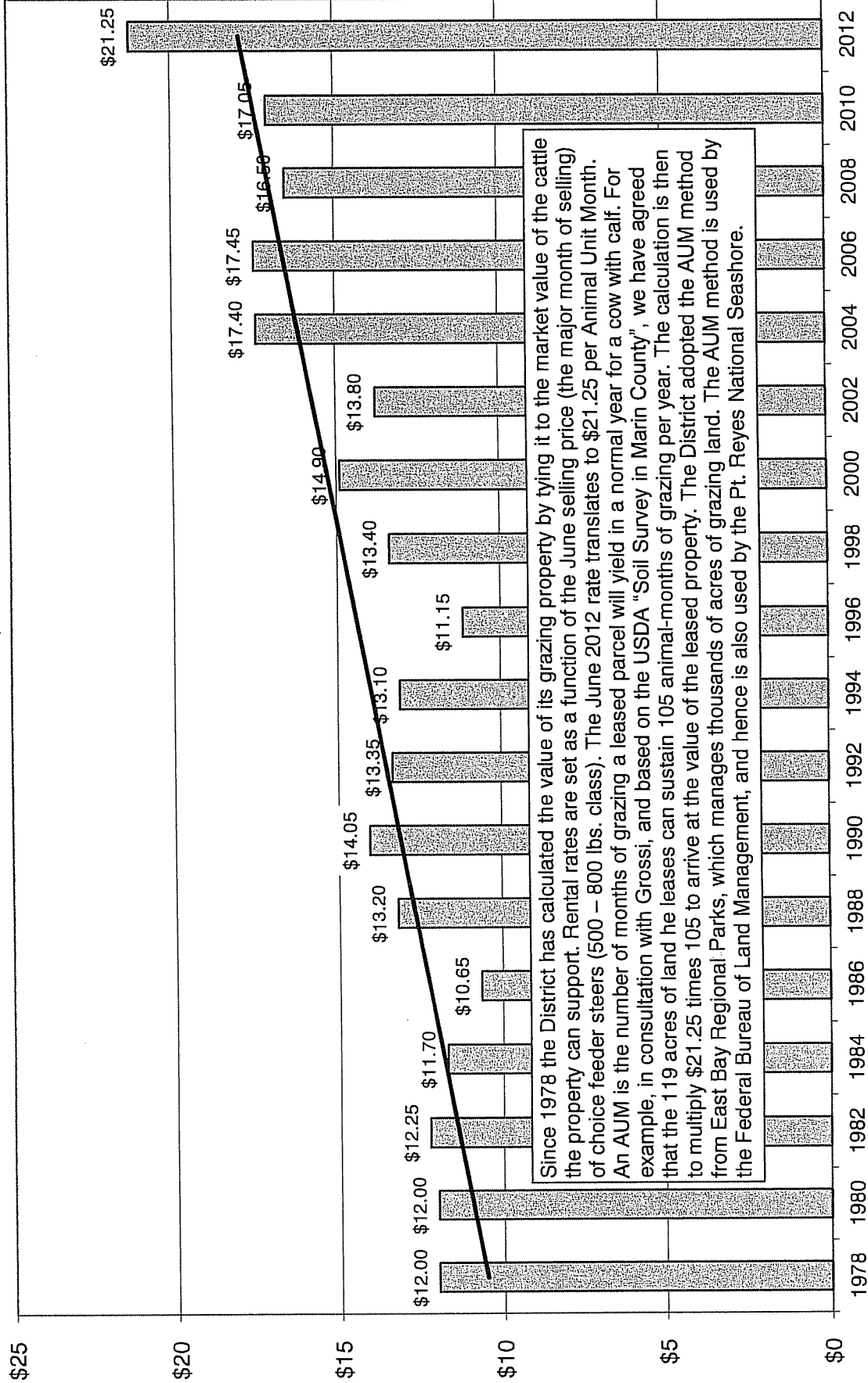


VICINITY MAP  
NOT TO SCALE



NO.	DATE	REVISION	BY	APP.
<b>NORTH MARIN WATER DISTRICT</b> NOVATO, CALIFORNIA <b>STAFFORD WATERSHED</b> <b>LEASE PARCELS</b>				
DES	DR	CH	SCALE	: 1"=500'
JK	AC	DM	DATE	: 10/16/08
APPROVED: CHIEF ENGINEER			SHEET NO.	: 1 OF 1 SHEETS
R.E. C40936			SERVICE AREA	1
			JOB NO.	2000
			NO.	001

## Animal Unit Month Rates



Since 1978 the District has calculated the value of its grazing property by tying it to the market value of the cattle the property can support. Rental rates are set as a function of the June selling price (the major month of selling) of choice feeder steers (500 - 800 lbs. class). The June 2012 rate translates to \$21.25 per Animal Unit Month. An AUM is the number of months of grazing a leased parcel will yield in a normal year for a cow with calf. For example, in consultation with Grossi, and based on the USDA "Soil Survey in Marin County", we have agreed that the 119 acres of land he leases can sustain 105 animal-months of grazing per year. The calculation is then to multiply \$21.25 times 105 to arrive at the value of the leased property. The District adopted the AUM method from East Bay Regional Parks, which manages thousands of acres of grazing land. The AUM method is used by the Federal Bureau of Land Management, and hence is also used by the Pt. Reyes National Seashore.

DRAFT  
**GRAZING AGREEMENT**

THIS AGREEMENT, by and between NORTH MARIN WATER DISTRICT, a public corporation, hereinafter referred to as "Lessor," and GEORGE GROSSI & SON DAIRY, hereinafter referred to as "Lessee."

**WITNESSETH:**

**WHEREAS**, Lessor is the owner of various parcels of land in the vicinity of Stafford Lake shown on the attached map which is made part hereof and described as follows:

**Parcel No. 2 (portion of AP 125-090-07):** Approximately eighty-eight (88) acres of land lying easterly of Stafford Lake and south of Lessor's treatment plant, which land borders but does not include the lands leased by Indian Valley Golf Club, Inc.;

**Parcel No. 3 (portion of AP 121-110-2634):** Approximately thirty-one (31) acres of land lying north of Vineyard Road between the northeast corner of the horse ranch and the point where Vineyard Road exits the watershed;

**WHEREAS**, the parties desire to enter into a grazing agreement concerning said property,  
**NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:**

1. **GRAZING PERIOD.** In consideration of the payment of the rent hereinafter specified and except as provided in paragraph 9 hereof, Lessee shall have the exclusive grazing rights of the said property for the period commencing November 1, ~~2010~~2012, through October 31, ~~2012~~2014, to graze cattle. Lessee agrees, however, not to graze any animals on the described property during the period between November 15 or first heavy rainfall as determined solely by the Lessor, whichever shall first occur, and the following April 1 or such earlier or later date as determined and authorized by the Lessor in the event of a dry or wet spring.
2. **ANIMAL UNIT MONTHS.** In normal rainfall years and following good range management practices to maintain a healthy stand of grass, avoiding overgrazing which could result in unsightly soil erosion, or other practices which may adversely impact lake water quality, the parties agree Parcels No. 2 and No. 3 can sustain approximately 105 animal months of grazing per year. An animal month of grazing is based on the amount of food required by a 1,000-pound cow.
3. **RENT.** Lessee shall pay in advance on the 1st day of February of each year rent for Parcels No. 2 and No. 3 in accordance with the following formula:

Annual Rent = animal months of grazing ~~\$17.05~~21.25 per animal month

Annual Rent = 105 x ~~\$17.05~~21.25 = ~~\$1,790.00~~2,231.00

Under conditions such as insufficient rainfall that would result in poor grass yield or range management practices on the part of Lessee which would result in overgrazing, at the sole discretion of Lessor, the animal months of grazing may be decreased and Lessee will be reimbursed for such decrease at the rate of ~~\$17.05~~21.25 per animal month.

**4. RANGE MANAGEMENT.** The Lessee agrees to follow good range management practices to maintain a healthy stand of grass, avoiding overgrazing which could result in soil erosion or other practices which may adversely impact lake water quality. The parties shall mutually agree on activities to be conducted and any decrease in actual animal unit months resulting from these activities will be reimbursed to the Lessee. Lessee agrees to maintain a log of animal use on each parcel using forms provided by the Lessor and provide this information on a quarterly basis.

~~5. SOLAR PANEL INSTALLATION.~~ Lessee understands that the Lessor is contemplating construction of a fenced solar panel array near the end of Center Road within the boundaries of Parcel 2 that will encompass up to 3 acres of grazing land. In the event said project is constructed prior to October 31, 2012, Lessor will refund to Lessee a proportionate share of the annual rent.

~~6.5. FENCE MAINTENANCE.~~ Lessee agrees to maintain, at his own cost and expense, all existing fences surrounding all leased parcels and any new fencing installed at lessor's expense that may be constructed to better manage the grazing and/or protect the District watershed lands.

~~7.6. EARLY TERMINATION.~~ Lessor reserves the right to terminate this agreement at any time during the term thereof upon thirty (30) days written notice to Lessee. Upon the effective date of such termination Lessor shall return on a prorata basis all prepaid rent.

~~8.7. GRAZING ONLY, NO HORSES.~~ Lessee agrees that his use of the above-described real property shall be limited solely to grazing of cattle and that Lessee will not graze horses on the property.

~~9.8. RESPONSIBILITY FOR DAMAGE.~~ Lessor shall not be liable for any damage to any person or property occurring on the demised premises from any cause whatever. Lessee shall hold the Lessor harmless from any such liability or claim of liability. Should it become necessary for the District to defend itself against any claims asserted, Lessee will reimburse Lessor for reasonable attorney's fees and all other costs thus incurred.

~~10.9. PUBLIC ACCESS.~~ Lessee agrees to permit public access through the property through which Marin County Open Space has maintained trails, provided self closing type gates satisfactory to the Lessee are installed and maintained by the County of Marin Open Space District and provided further, notwithstanding the provisions of paragraph 8 hereof, that Lessee shall in no way be held liable by Lessor for any damage to any person or property occurring on the demised premises by hikers, horses or horse riders utilizing said public trail. In such event the parties shall mutually agree on fencing requirements, if any.

~~11.10. POSSESSORY INTEREST.~~ Lessee acknowledges that he has been informed that under Section 107 of the Revenue and Taxation Code of the State of California the Marin County Assessor is required to place a value on all possessory interest. Possessory interest is defined as the right of a private taxable person or entity to use property owned by a tax-exempt agency for private purposes. A possessory interest will, therefore, be levied by the County Assessor on the leased premises against the Lessee as of the lien date, which is March 1 of each year. Any possessory interest tax so levied shall be paid by Lessee.

~~12.11. INSURANCE.~~ Lessee shall procure and maintain for the duration of this agreement insurance against claims for injuries to persons or damage to property that may arise from or in connection with the grazing of animals by Lessee, its agents, representatives, employees or subcontractors. Coverage shall be at least as broad as: Farmers Comprehensive Personal Liability Insurance in an amount not less than one million dollars (\$1,000,000.00) combined single limit per occurrence for bodily injury, personal injury and property damage; and Workers' Compensation Insurance in the amount required by the labor code of the State of California. The liability policy is to contain, or be endorsed to contain, the following provisions:

- a) The District, its officials, employees and volunteers are to be covered as insured as respects liability arising out of activities performed by or on behalf of Lessee.
- b) Lessee's insurance coverage shall be primary as respects the District, its officials, employees and volunteers. Any insurance or self-insurance maintained by the District, its officials, employees or volunteers shall be excess of Lessee's insurance and shall not contribute with it.
- c) Coverage shall state that Lessee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limit of the insurer's liability.
- d) The Insurer shall not cancel the insured's coverage without first providing thirty (30) days prior written notice by certified mail to the District.

Lessee shall furnish the Lessor with certificates of insurance and with an original endorsement affecting coverage required under this agreement. The certificates and endorsements for each policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be received and approved by the Lessor before grazing commences.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates shown below.

ATTEST:

NORTH MARIN WATER DISTRICT

\_\_\_\_\_  
 Secretary  
 (SEAL)

~~Jack Baker~~ Steve Petterle, President      Date

GEORGE GROSSI & SON DAIRY

\_\_\_\_\_  
 George Grossi, Jr.      Date

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**DRAFT**  
**GRAZING AGREEMENT**

THIS AGREEMENT, by and between NORTH MARIN WATER DISTRICT, a public corporation, hereinafter referred to as "Lessor," and DAVID LEVERONI, IV and PAUL LEVERONI, hereinafter referred to as "Lessee."

**WITNESSETH:**

**WHEREAS**, Lessor is the owner of various parcels of land in the vicinity of Stafford Lake shown on the attached map which is made part hereof and described as follows:

**Parcel No. 4 (portion of AP 125-090-0625):**

Approximately twenty-seven (27) acres of land comprising the easterly portion of the forty-three acre parcel owned by the Lessor north of Novato Boulevard; and

**WHEREAS**, the parties desire to enter into a grazing agreement concerning said property,

**NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:**

1. **GRAZING PERIOD.** In consideration of the payment of the rent hereinafter specified, Lessee shall have the exclusive grazing rights of the said property for the period commencing November 1, ~~2010-2012~~ through October 31, ~~2012~~2014, to graze cattle. Lessee agrees, however, not to graze any animals on the described property during the period between November 15 or first heavy rainfall as determined solely by the Lessor, whichever shall first occur, and the following April 1 or such earlier or later date as determined and authorized by the Lessor in the event of a dry or wet spring.
2. **ANIMAL UNIT MONTHS.** In normal rainfall years and following good range management practices to maintain a healthy stand of grass thus avoiding overgrazing which could result in soil erosion, or other practices which may adversely impact lake water quality, the parties agree that Parcel No. 4 can sustain approximately 26 animal months of grazing per year. An animal month of grazing is based on the amount of food required by a 1,000-pound cow.
3. **RENT.** Lessee shall pay in advance on the first day of February of each year rent for Parcel No. 4 in accordance with the following formula:

$$\begin{aligned} \text{Annual Rent} &= \text{animal months of grazing} \times \$17.05\text{-}21.25 \text{ per animal month} \\ \text{Annual Rent} &= 26 \times \$17.05\text{-}21.25 = \$443.00\text{553.00} \end{aligned}$$

Under conditions such as insufficient rainfall that would result in poor grass yield or range management practices on the part of Lessee which would result in overgrazing, at the sole discretion of Lessor, the animal months of grazing may be decreased and Lessee will be reimbursed for such decrease at the rate of \$17.05-21.25 per animal month.

4. **RANGE MANAGEMENT.** The Lessee agrees to follow good range management practices to maintain a healthy stand of grass, avoiding overgrazing which could result in soil erosion or other practices which may adversely impact lake water quality. The parties shall mutually agree on activities to be conducted and any decrease in actual animal unit months resulting from these activities will be reimbursed to the Lessee. Lessee agrees to maintain a log of animal use on each parcel using forms provided by the Lessor and provide this information on a quarterly basis.
5. **FENCE MAINTENANCE** Lessee agrees to maintain, at his own cost and expense, all fences surrounding all leased parcels.
6. **EARLY TERMINATION** Lessor reserves the right to terminate this agreement at any time during the term thereof upon thirty (30) days written notice to Lessee. Upon the effective date of such termination Lessor shall return on a prorata basis all prepaid rent.
7. **GRAZING ONLY, NO HORSES.** Lessee agrees that his use of the above-described real property shall be limited solely to grazing of cattle and that Lessee will not graze horses on the property.
8. **RESPONSIBILITY FOR DAMAGE.** Lessor shall not be liable for any damage to any person or property occurring on the demised premises from any cause whatever. Lessee shall hold the Lessor harmless from any such liability or claim of liability. Should it become necessary for the District to defend itself against any claims asserted, Lessee will reimburse Lessor for reasonable attorney's fees and all other costs thus incurred. Neither party shall be held liable by the other for any damage to persons or property caused by third parties trespassing on the demised property.
9. **POSSESSORY INTEREST.** Lessee acknowledges that he has been informed that under Section 107 of the Revenue and Taxation Code of the State of California the Marin County Assessor is required to place a value on all possessory interest. Possessor interest is defined as the right of a private taxable person or entity to use property owned by a tax-exempt agency for private purposes. A possessory interest will, therefore, be levied by the County Assessor on the leased premises against the Lessee as of the lien date, which is March 1 of each year. Any possessory interest tax so levied shall be paid by Lessee.
10. **INSURANCE.** Lessee shall procure and maintain for the duration of this agreement insurance against claims for injuries to persons or damage to property that may arise from or in connection with the grazing of animals by Lessee, its agents, representatives, employees or subcontractors. Coverage shall be at least as broad as: Farmers Comprehensive Personal Liability Insurance in an amount not less than one million dollars (\$1,000,000.00) combined single limit per occurrence for bodily injury, personal injury and property damage; and Workers' Compensation Insurance in the amount required by the labor code of the State of California. The liability policy is to contain, or be endorsed to contain, the following provisions:
  - a) The District, its officials, employees and volunteers are to be covered as insured as respects liability arising out of activities performed by or on behalf of Lessee.

b) Lessee's insurance coverage shall be primary as respects the District, its officials, employees and volunteers. Any insurance or self-insurance maintained by the District, its officials, employees or volunteers shall be excess of Lessee's insurance and shall not contribute with it.

c) Coverage shall state that Lessee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limit of the insurer's liability.

d) The Insurer shall not cancel the insured's coverage without first providing thirty (30) days prior written notice by certified mail to the District.

Lessee shall furnish the Lessor with certificates of insurance and with an original endorsement affecting coverage required under this agreement. The certificates and endorsements for each policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be received and approved by the Lessor before grazing commences.

IN WITNESS WHEREOF, the parties have executed this agreement on the date shown below.

ATTEST:

NORTH MARIN WATER DISTRICT

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
~~Jack Baker~~ Steve Petterle, President      Date

\_\_\_\_\_  
Paul Leveroni      Date

\_\_\_\_\_  
David Leveroni, IV      Date

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**MEMORANDUM**

To: Board of Directors  
From: David L. Bentley, Auditor-Controller  
Subj: Renew Agreement for Bill Print Services  
t:\ac\word\memo\13\infosend renewal 2013.docx

October 12, 2012

**RECOMMENDED ACTION:** Approve  
**FINANCIAL IMPACT:** \$17,700 Annually

In 2004 the District solicited proposals to provide bill printing and mailing services and, after checking references, selected InfoSend of Fullerton, CA as the low bidder for a two year period. In 2006 we renewed their agreement for 3 years with a 3% increase. In 2009 InfoSend agreed to zero increase and we renewed again for 3 years. We continue to be pleased with InfoSend's work on the District's behalf.

InfoSend has agreed to a 3% reduction in their charge, to 12.7¢ per bill, through December 2015. Minor programming costs are included in the 12.7¢ charge. The company prints and mails 139,000 bills for the District annually.

The proposed agreement is essentially unchanged except for revision to the dates and incorporation of the new, lower rates.

**RECOMMENDATION:**

Authorize the Auditor-Controller to renew the agreement with InfoSend to provide document processing services for a three year period commencing January 1, 2013.

Approved by GM CD  
Date 10/12/2012

**AGREEMENT BETWEEN  
NORTH MARIN WATER DISTRICT  
AND  
INFOSEND  
IN CONNECTION WITH BILLING SERVICES**

THIS AGREEMENT ("AGREEMENT") is entered into by and between the NORTH MARIN WATER DISTRICT ("NMWD"), a County Water District, and InfoSend, a California corporation ("InfoSend").

RECITALS

WHEREAS, NMWD and InfoSend desire to enter into an agreement whereby InfoSend will print and mail NMWD's water and sewer bills; and,

WHEREAS, InfoSend represents that it has the necessary experience, expertise, resources, licenses and permits to print and mail NMWD's water and sewer bills;

NOW, THEREFORE, in consideration of the promises, covenants and conditions set forth in this Agreement, NMWD and InfoSend do hereby agree as follows:

**SECTION 1. TERM**

The term of this Agreement shall be from January 1, ~~2010~~2013 to December 31, ~~2012~~2015.

**SECTION 2. SCOPE OF SERVICES**

InfoSend will perform the following services as part of its responsibilities under this Agreement:

- A. Provide all bill forms (24 lb.) and envelopes (24 lb.) in color and format as agreed between the parties. Bill forms and envelopes do not include bill stuffers or inserts, which are the responsibility of NMWD.
- B. Print, cause bills, return envelopes and bill stuffers to be inserted into envelopes and mail for NMWD. During the term of this agreement, water and "reminder" bills shall be printed and mailed weekly; ~~sewer bills shall be printed and mailed monthly.~~ Bill stuffers shall be inserted and mailed as directed by NMWD. Bill stuffers will be subject to InfoSend's review for paper quality, shape and weight so as to allow mechanical insertion of the stuffer or insert into the envelope. Water and "reminder" bills may be changed to print and mail on a monthly basis with thirty (30) days written notification by NMWD to InfoSend.
- C. All billing data shall be provided to InfoSend by NMWD or NMWD's Agent. In the event the data is corrupt or otherwise unusable, NMWD's designated person shall immediately be contacted and informed. Data may be delivered to InfoSend by secure file transfer over phone lines, over the Internet, or through a ~~backup diskette~~ medium compatible with InfoSend's equipment and operating systems. ~~The initial custom programming and bill design will be provided to NMWD free of charge.~~ Occasional programming and design or form changes will also be provided free of charge. Excessive changes to file formats requested by NMWD will be performed through a Purchase Order in accordance with

### SECTION 3.

- D. The data provided by NMWD shall be adequate to allow, and InfoSend shall provide, billings which meet at least ninety-five percent (95%) compliance with the US Postal Service CASS address certification, and, whenever quantity requirements are met, qualify for the best possible ZIP+ bar coded first class postage rates. InfoSend shall monthly supply CASS postage summaries and address-reject reports to NMWD via FAX, Email or the US Postal Service. InfoSend is responsible for all costs of regular continuing postal compliance.
- E. NMWD and InfoSend will designate the person(s) or system(s) responsible for the file transfer. The designated persons are responsible to contact each other to compare control totals and other control features before proceeding with bill printing. Should there be a discrepancy in bill counts, the designated persons are required to resolve the discrepancy or propose remedial action that will be mutually agreeable.
- F. The data provided by NMWD to InfoSend is confidential. InfoSend shall not disclose the names, addresses, consumption data and other information pertaining to NMWD customers.

### **SECTION 3. CHANGE ORDER PROCESS**

Any requested work not included in the above Scope of Services will require a signed Purchase Order from NMWD to InfoSend. Purchase Orders shall specify the requested services. InfoSend will provide an estimate of cost required to produce the requested work within three (3) working days of receipt of a request for estimate or explain why additional time is necessary to respond. If NMWD requests services to be performed after InfoSend's reply, NMWD will issue a Purchase Order that will confirm services, a time estimate for completion, and compensation. The General Manager or a designee must sign Purchase Orders.

### **SECTION 4. TERM OF PERFORMANCE**

Should NMWD elect not to engage InfoSend for these services after December 31, ~~2012~~2015, InfoSend agrees to complete bills and mailings for that billing data received by InfoSend from NMWD by December 31, ~~2012~~2015.

### **SECTION 5. ADDITIONAL PERFORMANCE STANDARDS**

In addition to InfoSend's and NMWD's other performance standards described in this agreement, the following performance standards shall apply:

Bill printing, CASS ZIP+ processing, insertion and mailing services are to be performed so that files of bills received by InfoSend from NMWD prior to 10:00 AM will be processed and delivered to the US Postal Service the same day. Later files shall be processed the same day whenever possible, but in no event later than the next business day.

The above Additional Performance Standards are waived on any day that is a US Postal Service Holiday. If either NMWD or InfoSend is unable to meet the Additional Performance Standards for a given day, the party that is unable to perform will contact the other party and describe the corrective action in progress.

### **SECTION 6. COMPENSATION**

InfoSend's Operating Expenses shall be compensated on the following basis:

January 1, ~~2010-2013~~ through December 31, ~~2012-2015~~ at ~~\$0.134~~**\$0.127** per bill processed with standard white delinquent envelopes. Delinquent bills processed with

Contractor's standard red shaded form at ~~\$0.151~~\$0.147 per piece.

Operating expenses include:

- Postal Administration
- Supplies & Materials
- Bill Stock, Envelopes  
Bill Preparation, Sorting  
Labor, Equipment, Overhead  
Sales Tax, Inventory, Waste, and/or Any Other Fees  
Setup-Postal Tray Labels

#### **SECTION 7. PAYMENTS TO INFOSEND**

- A. Operating Expenses. InfoSend shall invoice NMWD monthly. NMWD shall pay InfoSend at the rate provided in SECTION 6 above.
- B. Postage Expense and Deposit. Postage expenses shall be invoiced monthly, and are direct reimbursable costs. NMWD has heretofore provided a postage deposit to contractor of Four Thousand Dollars (\$4,000.00) ~~concurrent with execution of this agreement.~~ InfoSend shall include with the monthly invoice a report sufficient for NMWD to reconcile postage expense and the deposit account.
- C. Payment. NMWD will pay InfoSend's monthly invoice within 30 days of submission.

#### **SECTION 8. INFOSEND'S RECORDS AND RIGHT TO INSPECT**

- A. InfoSend shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services, or expenditures and disbursements charged to NMWD, for a period of one year from the date of final payment to InfoSend pursuant to this Agreement.
- B. InfoSend shall maintain all documents and records that demonstrate performance under this Agreement, excepting customer records, for a minimum period of one year from the date of termination or completion of this Agreement.
- C. Any records or documents required to be maintained pursuant to this Agreement shall be made available for inspection or audit, at any time during regular business hours, upon written request by the NMWD Auditor-Controller or a designated representative. Copies of such documents shall be provided to NMWD for inspection at NMWD when it is practical to do so. Otherwise the records shall be available at InfoSend's address indicated for receipt of notices in this Agreement.
- D. Where NMWD has reason to believe that such records may be lost or discarded due to dissolution, abandonment or termination of InfoSend's business, NMWD may, by written request, require that custody of the records be given to NMWD and that the records and documents be maintained at NMWD. Access to such records and documents shall be granted to any party authorized by InfoSend, InfoSend's representatives, or InfoSend's successor-in-interest.

#### **SECTION 9. CHARGE FOR INADEQUATE RECORDS**

If InfoSend fails to maintain adequate and accurate records, or fails to maintain records for services performed under this Agreement separate from records for other services, and NMWD makes payment or incurs any cost for creation, re-creation, correction or maintenance of

such records, InfoSend shall reimburse NMWD for any and all payments so made or costs so incurred by NMWD.

#### **SECTION 10. INDEPENDENT CONTRACTOR**

- A. In the performance of services pursuant to this Agreement, InfoSend shall be an Independent Contractor and not an officer, agent, servant or employee of NMWD. InfoSend shall have exclusive control over the details of the services and work performed and over all persons performing such services and work. InfoSend shall be solely responsible for the acts and omissions of its officers, employees, agents, contractors or subcontractors.
- B. InfoSend shall not obtain any right to retirement benefits, Workers' Compensation benefits, or any other benefits which accrue to NMWD employees and InfoSend expressly waives any claim it may have or acquire such benefits.

#### **SECTION 11. COMPLIANCE WITH LAW**

In the performance of this Agreement, InfoSend shall comply with all applicable laws, regulations, ordinances and codes of the federal, state and local governments.

#### **SECTION 12. PERMITS AND LICENSES**

InfoSend shall obtain, and shall maintain throughout the term of this Agreement, all necessary permits, licenses and approvals required for InfoSend to perform the work and services agreed to be performed by InfoSend pursuant to this Agreement. InfoSend shall show proof of such permits, licenses or approvals and shall demonstrate compliance with the terms and conditions of such permits, licenses and approvals upon NMWD's request.

#### **SECTION 13. TERMINATION**

- A. Either party may, without cause, terminate this Agreement upon sixty (60) days prior written notice to the other.
- B. In the event of termination or completion of this Agreement:
  - 1. InfoSend will secure return of NMWD's remaining US Postal Service deposit, if any;
  - 2. InfoSend will produce the records described in SECTION 8(a) if requested and transmit them to NMWD, and;
  - 3. NMWD will pay for the remaining paper stock purchased by InfoSend on NMWD's behalf. Such payments will be based upon paper and freight invoices.

Services required under subsection B. will be performed without additional compensation to InfoSend.

#### **SECTION 14. FUTURE NOTICE**

On or before October 1, ~~2012~~2015, NMWD will notify InfoSend of NMWD's interest in engaging InfoSend to provide these services beyond December 31, ~~2012~~2015, provided that such engagement shall be subject to NMWD's contract review process and subject to approval of NMWD's Board of Directors.

#### **SECTION 15. INDEMNIFICATION AND HOLD HARMLESS**

- A. InfoSend shall hold harmless, defend and indemnify NMWD and its officers, officials, employees and volunteers from and against all claims, damages, losses and expenses

including attorney fees arising out of the performance of the work described herein, caused in whole or in part by any negligent act or omission of InfoSend, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence, or willful misconduct of the NMWD.

- B. Such indemnification and hold harmless shall include, but not be limited to, any allegations concerning InfoSend's use of any computer software in connection with InfoSend's performance of services under this Agreement. The acceptance by NMWD of any work or services under this Agreement shall not operate as a waiver of such indemnification or hold harmless.

#### **SECTION 16. DEFENSE**

Upon the demand of the NMWD Attorney, InfoSend shall defend NMWD, its officers and/or employees against any matter described in SECTION 15 of this Agreement. InfoSend shall not be entitled to settle or compromise any claim, liability, demand, judgment, loss, action, suit or penalty without the prior written consent of the NMWD Attorney. InfoSend shall be responsible for NMWD attorney fees charged in defending NMWD against any matter described in SECTION 15 of this agreement.

#### **SECTION 17. EXCEPTION**

Notwithstanding SECTIONS 15 and 16 above, InfoSend's obligation to indemnify, hold harmless and defend NMWD, its officers and employees shall not extend to any loss, liability, penalty, claim, demand, action or suit arising or resulting from NMWD's operation of water or wastewater systems or from negligence or misconduct on the part of NMWD. In addition, InfoSend's obligation to indemnify, hold harmless and defend NMWD, its officers and employees shall not extend to any loss from failure of NMWD to provide billing data, or from NMWD's use of NMWD's computer software in connection with supplying billing data.

Additionally, without modification of NMWD's obligation to provide timely, accurate billing data, should InfoSend, in the course of performing normal duties, note any errors or irregularities in NMWD's billings, InfoSend is to contact NMWD for instructions before transporting such billings to the US Postal Service for delivery.

#### **SECTION 18. CONFLICT OF INTEREST**

InfoSend shall avoid all conflict of interest or appearance of conflict of interest in performance of this Agreement.

#### **SECTION 19. NOTICES**

All notices under this Agreement shall be in writing and shall be personally served or mailed, postage prepaid and addressed to the respective parties as follows:

To NMWD: Auditor-Controller  
NORTH MARIN WATER DISTRICT  
999 Rush Creek Place  
Novato, CA 94948

To Contractor: Chief Financial Officer  
INFOSEND, INC.  
1041 S. Placentia Ave  
Fullerton, CA 92831-5105

Notice shall be deemed effective on the date personally delivered or, if mailed, three (3) days after deposit in the mail.

**SECTION 20. VENUE**

In the event that suit shall be brought by either party to this contract; the parties agree that venue shall be exclusively vested in the state courts of the State of California or in the United States District Court, Northern District of California, San Francisco, California.

**SECTION 21. PRIOR AGREEMENTS AND AMENDMENTS**

This Agreement represents the entire understanding of the parties as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters considered hereunder. This Agreement may only be amended in writing and duly executed by the parties to this Agreement.

WITNESS THE EXECUTION HEREOF:

**“NMWD”**  
NORTH MARIN WATER DISTRICT,  
A County Water District

By:

\_\_\_\_\_  
Name: David L. Bentley                      Date

\_\_\_\_\_  
Title: Auditor-Controller

InfoSend  
A California Corporation

By:

\_\_\_\_\_  
Name: Russ Rezai                              Date

\_\_\_\_\_  
Title: ~~Vice President of Development~~ Chief  
Operating Officer

**MEMORANDUM**

To: Board of Directors

October 12, 2012

From: Drew McIntyre, Chief Engineer

Re: Contract for Engineering Services FY12-13 – White and Prescott

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**RECOMMENDED ACTION:** Authorize General Manager to execute a new agreement for engineering services between NMWD and White and Prescott for miscellaneous engineering services with a not-to-exceed limit of \$10,000

**FINANCIAL IMPACT:** \$10,000

The District currently has a \$10,000 Engineering Services Agreement with White & Prescott to provide assistance to the Engineering staff in meeting workload requirements. Staff needs additional outside consulting services to allow us the flexibility to work within not only our workload and timing constraints, but those of the outside consultants as well. Attached is a new agreement for Engineering Services from White and Prescott, an engineering firm that the District has used since 1999 to provide miscellaneous engineering services to help staff meet workload demands with a not-to-exceed limit of \$10,000. The last contract was approved by the Board at the February 17, 2009 meeting for \$10,000. Since that time, White and Prescott has performed periodic engineering services on an as-needed basis. A tabulation of the projects and resulting cost follows:

DISTRICT JOBS	FEE
Marin Sonoma Narrows (Kastania Rd Easement)	\$1,395
Heidrun Meadery (Easement)	760
Wild Horse Valley/Rebelo Ranch Easement	2,560
Donat Annexation	320
Corp Yard Paving	4,440
<b>Total*</b>	<b>\$9,475</b>

\*Charges to-date

White and Prescott has consistently produced a good work product in an efficient manner. White and Prescott would continue to be used on an as-needed basis for either developer and/or District projects. Their current maximum hourly rate is \$110/hour. White and Prescott would proceed on work only after a specific work scope task, schedule and estimate of services costs are discussed.

RECOMMENDATION

Authorize General Manager to execute a new agreement for engineering services between NMWD and White and Prescott for miscellaneous engineering services with a not-to-exceed limit of \$10,000.

Approved by GM 

Date 10/12/12



**MEMORANDUM**

To: Board of Directors

October 12, 2012

From: Robert Clark Operations / Maintenance Superintendent

Subj: Extension of Horizon CATV License Agreement

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**RECOMMENDED ACTION:** Approve Extension of Horizon CATV License Agreement

**FINANCIAL IMPACT:** \$3,917 annual income

Horizon CATV currently has a two year license agreement with the District allowing use of PRE tank site #4 to place a 40' antenna, a 5' x 7' equipment shed and a propane tank and emergency generator. The antenna was first moved to this site in 1995 after the Mt. Vision fire. The current license runs through October 31, 2012 with a provision to extend the term of the agreement for an additional two years. Horizon has requested to exercise this option and has asked to extend the contract for another two years.

Horizon is a small company, with a current cable TV subscriber base in West Marin (extending to Dillon Beach) of 613 customers. Their customer base is in large part the same as North Marin Water District, although the number of Horizon customers has been shrinking due to competition with satellite TV dish companies. The license fee is 1% of Horizon's annual basic revenue generated from its total number of cable customers served by the antenna. Basic revenue is the monthly minimum charge levied for the basic service package, and does not include premium charges for additional channels or features.

Horizon has requested an extension according to the agreement terms and is in good standing with the District. Therefore, staff plans to grant their request for a license agreement extension for a two year term from November 1, 2012 to October 31, 2014.

Annual adjustment to the agreement includes:

Updated number of Horizon CATV customers is 550 in Pt. Reyes, Olema and Inverness and 63 in Dillon Beach. The basic cable rates are to \$54.95 in Pt. Reyes, Olema and Inverness and \$38.45 in Dillon Beach. The calculated fee is  $(550 \times 54.95 \times 12 \times 0.01 = \$3,626.70)$  plus  $(63 \times \$38.45 \times 12 \times .01 = \$290.68)$  for a total of \$3,917 for November 1, 2012 through October 31, 2013.

**RECOMMENDATION:**

Board approve extension of Horizon CATV two-year license agreement.

DRAFT

October 12, 2012

Mr. Kevin Daniel  
Horizon Cable TV Inc.  
PO Box 1240  
Point Reyes, Ca 94956

Re: Extension of License Agreement (420 Drakes View Dr., Inverness)

Dear: Mr. Daniel

This letter accepts your request to extend the current 2012 antenna site license agreement for an additional two years, for the period from November 1, 2012 to October 31, 2014. We have also recalculated the annual license agreement fee for the period of November 1, 2012 through October 31, 2013 to be \$3,917. This amount is based on the 613 current total number of Horizon customers, (550 Pt. Reyes, Olema and Inverness customers X \$54.95 monthly basic rate X 12 months X 1%) plus (63 Dillon Beach customers X \$38.45 monthly basic rate X 12 months X 1%). The annual fee will be adjusted again on November 1, 2013.

Sincerely,

Robert Clark  
Operations / Maintenance Superintendent

RC/rr

X:\MAINT SUP\2013\BOD\letter to Horizon 2012.doc

## LICENSE AGREEMENT

THIS LICENSE AGREEMENT, by and between NORTH MARIN WATER DISTRICT, a local governmental agency of the State of California, herein called "District," and HORIZON CABLE TV Inc., a California corporation, herein called "Horizon."

### 1. Grant of License

The District hereby grants to Horizon a revocable license to enter the District's Paradise Ranch Estates water tank site number four, adjacent to 420 Drakes View Drive ("the site"), for the purpose of operating, maintaining and replacing facilities for off-air television signal receiving. Said facilities shall consist of:

- a. one antenna tower approximately 40-feet tall on steel poles set in concrete;
- b. underground cables for electricity, telephone and television;
- c. one equipment shed approximately 7-feet in length by 5-feet in width; and
- d. propane tank and stand-by generator for emergency power.
- e. such other facilities as Horizon may deem necessary or advisable from time to time, provided that Horizon shall obtain the written consent of District before any additional facilities are installed.

The facilities shall be located on the site as described on "Exhibit A" attached hereto, incorporated herein.

### 2. Term

The term of this license is two years, beginning on November 1, 2012, and ending on October 31, 2014.

### 3. Option to Extend Term

The District hereby grants to Horizon the option to extend the term of this license for an additional two years beginning on November 1, 2014 and ending two years thereafter on October 31, 2016. To be valid this option must be exercised by Horizon delivering to the District written notice thereof not later than June 1, 2014. This option can be exercised only if the license is in good standing at the time of exercise.

### 4. Limitations on Use of License

- a. Horizon shall be responsible for acquiring and maintaining all necessary permits and approvals from the County of Marin for installation, operation and maintenance of facilities described in Section 1 hereof.
- b. Horizon's use of the site shall not hinder or interfere with the District's operation and maintenance of its Paradise Ranch Estates tanks. Accordingly all facilities installed by Horizon on the site shall be a minimum of five-feet from the District's water tanks.

- c. Horizon shall not do any grading or excavation on the site and shall not erect any structure thereon except the facilities described in Section 1 hereof. Said work shall be done at Horizon's expense and in accordance with plans and specifications reviewed and approved in writing by the District and permits issued by the County of Marin. Horizon will not permit any lien or encumbrance to be placed on the site.
- d. Horizon shall not permit the facilities or Horizon's use of the site to interfere with public reception or transmission of radio or television signals. If interference is traceable to Horizon's equipment or operations on the site, Horizon shall correct the cause without delay.
- e. Horizon will use the license and operate the facilities in accordance with all applicable city, county, state and federal regulations, ordinances and statutes now or hereafter in effect and shall, at its expense, maintain in effect throughout the term of this license all permits, licenses and authorizations required by law for its operations. Horizon shall submit to the District a copy of its Federal Communications Commission license and a copy of its Bay Area Air Quality Management District ABA 6 standby generator emissions permit upon renewal of this agreement. (At this time Horizon does not have a generator requiring a permit.)
- f. Horizon shall maintain the facilities at all times in a safe, clean and orderly condition.
- g. The District may require Horizon to shut down its electrical equipment and microwave facility from time to time to permit construction and maintenance of water tank(s) or other facilities. Said shutdown will only be required for safety reasons as determined by the District at its sole discretion. Future projects contemplated on the site include construction of a new water storage tank, which may require Horizon to relocate its facilities, and installation of a 2-way radio transmitter on the antenna tower, which the District warrants will not interfere with Horizon's cable television reception signal. The District shall endeavor to give Horizon a 30-day minimum notice before any required shut down.
- h. To ensure the safety of District employees, Horizon shall provide the District with an EMF exposure report for the facility. This study shall show all EMF exposure levels at the site during normal operations. Any area where the EMF exposure level exceeds the safe exposure level as adopted by the FCC shall be clearly identified. If the facilities or their operation are modified in a manner that changes the exposure levels, Horizon will immediately notify the District and an updated report shall be submitted.

5. Payments by Horizon

- a. Horizon agrees to annually pay as consideration for the license the sum of 1% of Horizon's annualized basic cable rate charge multiplied by the number of customers receiving transmission signals from the site on September 30 of each year. For the year commencing November 1, 2012 this is calculated as \$3,917 (550 Pt. Reyes, Olema and Inverness customers X \$54.95 monthly basic rate X 12 months X 1%) plus (63 Dillon Beach customers X \$38.45 monthly basic rate X 12 months X 1%). The payment shall be adjusted annually to reflect the then current number of customers and monthly basic rate charge in effect on September 30, except in no event shall the annual payment be less than \$3,917. The payment for the first year

of the term of the license shall be made simultaneously with the execution of this agreement. Payment for each subsequent year shall be made in advance on or before each anniversary of the date of this agreement.

- b. Horizon further agrees to provide at no charge to the District two extra fibers for use by the District in the fiber-optic telecommunications line installed between Horizon's antenna facility at the site and its facilities in Point Reyes Station. The District agrees that Horizon may have exclusive use of the two extra fibers through October 31, 2014. In the event Horizon extends its underground telecommunication line further, the District shall purchase and Horizon agrees to install underground conduit alongside its telecommunications line. Said underground conduit shall be for the exclusive use of the District.

#### 6. Termination

Horizon acknowledges that its rights under this license are subordinate to the prior and superior right of the District to use the site for the purpose of providing a public water supply. The District reserves to itself the right to terminate the license at any time it determines that it is reasonably necessary to carry out its said purpose. Except in an emergency the District shall give Horizon 90 days prior written notice of termination. The annual payment shall be prorated to the date of such termination. In addition, the District may terminate this license if Horizon fails to perform any of its undertakings herein and fails to remedy such default within 30 days after written notice from the District to do so.

#### 7. Removal of Personal Property and Structures

Upon the expiration of the term of the license or the sooner termination thereof, Horizon shall coordinate removal of its facilities with the District. In the event the District has installed a 2-way radio transmitter on the antenna, the antenna shall be left on the site. If the 2-way radio transmitter is not installed on the antenna, Horizon shall at its expense remove all the facilities and personal property, including piers and bases, which it has placed on the site, leaving it vacant and clean, and shall restore the site as nearly as possible to the condition it was in at the commencement of this license. If Horizon fails to do so, the District may cause the work to be done and Horizon shall reimburse the District for its costs thereby incurred.

The District may, at its option, claim assets remaining on the property in excess of 30 days from termination of this agreement in exchange for clean-up costs incurred.

#### 8. Insurance, Hold-Harmless and Indemnification Requirements

- a. Liability Insurance: Horizon shall hold the District free from loss, damage, defense costs or expenses in any way arising or occurring on account of injuries to persons or property sustained or alleged to have been sustained arising out of Horizon's use of this license. For the duration of this license, Horizon shall continuously maintain and pay for vehicle liability and general liability insurance written by insurer(s) licensed to do business in California and having Best's ratings of not less than A:VII. Said policies will provide coverage for the District and Horizon in amounts not less than one million dollars (\$1,000,000) per occurrence, combined single limit. Such insurance policy(s) shall be endorsed to add the District as an "insured" and shall provide that said coverage is primary and underlying insurance to any insurance carried by the District and that any insurance carried by the District shall be excess to any insurance provided by Horizon to cover the District under this section. If said

insurance is on a "claims made" rather than "occurrence" basis, said insurance shall be accompanied by a policy with the same limits covering claims made within one year after the date of expiration or termination of this license. Forthwith upon the execution of this agreement and before the license shall commence, Horizon shall deliver to the District a certified copy of such insurance policy including the endorsement adding the District as an "insured." Said policy or endorsement shall specify that any excess clause contained in Horizon's policy notwithstanding, the coverage provided thereunder is primary to and underlying any insurance carried by the District and any insurance carried by the District shall be excess to any insurance provided under the policy. Horizon shall also deliver to the District a certificate by the insurance company(s) stating that the insurance has been issued and is in good standing, and that said policy shall not be canceled nor shall there be any material reductions in coverage without 60 days' notice in writing to the District.

- b. Workers Compensation: Horizon will provide evidence that it has in full force and effect Workers' Compensation Insurance as required by the Labor Code of the State of California and Employers Liability Insurance.
- c. Property Insurance: Horizon agrees that it will include within its property insurance policy(s) coverage for all property that is owned or leased by Horizon and that will at any time be on the site.

9. Non-assignability

This license shall not be assignable by Horizon or by operation of law without the prior written consent of District, which consent shall not be unreasonably withheld.

10. Notices

All notices herein provided to be given or made or which may be given or made by either party to the other, shall be deemed to have been duly given when made in writing and deposited in the United States mail postage prepaid and addressed as follows:

To District:  
North Marin Water District  
Attn: Operations/Maintenance  
Superintendent  
PO Box 146  
Novato, CA 94948

To Horizon:  
Horizon Cable TV Inc.  
PO Box 937  
Fairfax, CA 94978

The address to which notices may be given or made by either party may be changed by written notice given by such party to the other pursuant to this paragraph.

IN WITNESS THEREOF, the parties hereto have caused this license to be executed as of the day and year first above written.

ATTEST:

NORTH MARIN WATER DISTRICT

\_\_\_\_\_  
Renee Roberts, Secretary

\_\_\_\_\_  
Stephen Petterle, President / Date

HORIZON CABLE TV INC.

\_\_\_\_\_  
Kevin Daniels, President / Date

## "Exhibit A"

### Tank Site:

That certain real property in the County of Marin, State of California, bounded and described as follows:

Beginning at a point that bears South 54° 56' East 8.17 feet from the most northerly corner of Parcel Two as described in the deed from Marin County Abstract and Title Company, a corporation, to James J. Zydonis, et ux, recorded May 25, 1959, in Liber 1281, O.R., page 462 and running thence North 35° 00' East 144.71 feet to the true point of beginning, thence North 43° 50' 20" West 73.41 feet, thence North 23° 53' 54" East 40.69 feet, thence South 78° 59' East 87.41 feet, thence South 35° 00' West 89.69 feet to the true point of beginning.



## MEMORANDUM

To: Board of Directors October 12, 2012  
From: Chris DeGabriele, General Manager *CD*  
Subject: Recycled Water South Service Area Construction Contract - Phase 1b and Impact on Meadow Park Hamilton Community  
t:\gm\bod misc 2012\meadow park rw impacts.doc

**RECOMMENDED ACTION:** Information Only

**FINANCIAL IMPACT:** None at this time

Attached is an email from Ms. Anne Sommer resident of Meadow Park at Hamilton, expressing concern regarding damage to the neighborhoods as result of the NMWD Recycled Water construction, principally due to the Phase 1b contract and Disney Construction. I responded to Ms. Sommer dated October 11 (Attachment 2), and District staff is proceeding to address the community's concerns both in the Phase 1b contract and the planned Phase 2 construction yet to be awarded. Ms. Sommer and other residents of Meadow Park at Hamilton Field community wish to address the Board at the October 16 meeting.

**Chris DeGabriele**

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**From:** Chris DeGabriele  
**Sent:** Monday, October 08, 2012 3:43 PM  
**To:** 'Michael Frank'  
**Subject:** RE: Disney Construction at Meadow Park Hamilton

Michael,  
Thanks for the heads up. I received Ms. Sommer's message earlier today via Jason Nutt and called her immediately.  
Disney Construction work for NMWD within Novato streets has been stopped. Disney continues to work on completing the Reservoir Hill tank work.  
We will be meeting with their Safety Officer and management to address the safety and construction impacts on the community.  
Please send any further issues on this topic directly to me.  
Chris DeGabriele  
General Manager  
North Marin Water District  
(415)897-4133

---

**From:** Michael Frank [mailto:mfrank@novato.org]  
**Sent:** Monday, October 08, 2012 2:13 PM  
**To:** Chris DeGabriele  
**Subject:** FW: Disney Construction at Meadow Park Hamilton

FYI

Thanks,

*Michael*

Michael S. Frank, City Manager  
(415) 899-8905  
mfrank@novato.org



[www.novato.org](http://www.novato.org)

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**From:** Novato Council  
**Sent:** Monday, October 08, 2012 11:45 AM  
**To:** Anne Sommer  
**Cc:** Council Members; Jason Nutt  
**Subject:** RE: Disney Construction at Meadow Park Hamilton

Dear Ms. Sommer:

Your message has been forwarded to the Council, and also to our Director of Public Works who has contacted the Water District for a detailed response. They should be responding directly to you, and

copying the City of Novato. Please let me know if you don't hear something by Thursday.

Thank you,

Sheri Hartz, City Clerk



75 Rowland Way, Suite 200  
Novato, CA 94945  
415 899-8900 phone  
415 899-8219 fax  
[shartz@novato.org](mailto:shartz@novato.org)

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**From:** Anne Sommer [<mailto:asommer218@hotmail.com>]  
**Sent:** Monday, October 08, 2012 11:12 AM  
**To:** Novato Council  
**Subject:** Disney Construction at Meadow Park Hamilton

I am writing this email to express serious concerns regarding the damage to the neighborhoods and most importantly the disregard by Disney Construction and the North Marin Water District for the safety and well-being of the people living at Meadow Park.

A construction manager hired from an outside corporation to oversee the project admitted that the work is substandard. The Home Owners Association received an \$8,000 water bill because Disney broke a main water line and sealed the street instead of repairing the break, continues to break several main water pipe lines, once leaving the homeowners without water on the hottest day of the summer, cut power and telephone lines, and continues to break many irrigation pipes leaving areas such as of Bolling Circle without irrigation which has killed much of the landscaping in large areas.

Disney Construction endangers residents by driving large equipment while texting (which recently narrowly missed hitting a car), talk on cell phones while driving, park equipment overnights and weekends on hills which force residents to cross into an on-coming traffic lane in order to pass the equipment, and never have adequate traffic control.

Last Friday they broke a gas line forcing homeowners and children from a day school to evacuate. Residents were forced to wait for hours and were unable leave the area because they were instructed not to start their cars. They waited for hours before being allowed to return to their homes.

What is most disturbing is North Marin Water District has been very aware of all the damage and unhappy residents for several months, and continues to demonstrate absolutely no regard for the safety and welfare of the residents of this neighborhood. Residents have been calling the Project Manager, Dave Jackson at the North Marin Water District expressing their concerns for several months, or were directed to contact Kevin Canada from URS Corporation, the onsite manager, only to be told "Well, hang in there, it's almost over".

Meadow Park homeowners will be left with broken sidewalks & curbs, broken street lights, damaged and dead landscaping, huge water bills from several broken water lines, filthy streets, and much more. Disney Construction should be removed from this project immediately!

10/9/2012

We need help from the Novato City Council members to become involved to stop further destruction by Disney and most importantly ensure the safety of the residents. We now want you to become involved to help this neighborhood. Many of these residents are first responders and should not be in a position to be unable to leave their homes or return.

Please contact me at 415-827-4477, or my home at 415-883-7130. **WE NEED YOUR HELP NOW.**

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NOTICE: The information contained in this email and any document attached hereto is intended only for the named recipient(s). If you are not the intended recipient, nor the employee or agent responsible for delivering this message in confidence to the intended recipient(s), you are hereby notified that you have received this transmittal in error, and any review, dissemination, distribution or copying of this transmittal or its attachments is strictly prohibited. If you have received this transmittal and/or attachments in error, please notify me immediately by reply e-mail and then delete this message, including any attachments.



**NORTH MARIN  
WATER DISTRICT**

999 Rush Creek Place  
P.O. Box 146  
Novato, CA 94948

**PHONE**

415.897.4133

**FAX**

415.892.8043

**EMAIL**

info@nmwd.com

**WEB**

www.nmwd.com

October 11, 2012

Ms. Anne Sommer  
271 Bolling Circle  
Novato, CA 94949

Re: Disney Construction at Meadow Park Hamilton

Dear Ms. Sommer,

I received your October 8, 2012 email to the Novato City Council regarding Disney Construction at Meadow Park Hamilton and the safety issues/damages caused by pipeline construction in the Meadow Park neighborhood. North Marin Water District too is concerned about the issues you raise, and I personally apologize for the disruption to the community, especially on Friday, October 5<sup>th</sup>, and I am thankful that no personal injury occurred as a result of the gas main break caused by Disney Construction on that day. The accident last Friday with the PG&E gas pipeline was unacceptable and we are working with PG&E, our construction manager and Disney Construction to determine why the gas line was not properly identified and why it was damaged.

Subsequent to the gas main break, Disney Construction was directed to stop all underground work. On October 9<sup>th</sup> I met with the City of Novato inspector, Disney Construction Project Manager, and NMWD's construction manager to discuss the cause(s) of the accident, additional safety steps which need to be undertaken by Disney Construction to finish the project, and the issues addressed in your email. The remaining Disney Construction contract work includes backfilling excavations at the Main Gate Road bridge, pavement restoration and repair of damaged sidewalk, curbs and gutters, correction of any other construction damages and work at the Reservoir Hill Tank site.

As part of their contract responsibilities Disney Construction will correct any damage to personal and public property made in the course of their construction activities. In the next few days NMWD will be working directly with the City inspector and Disney Construction to walk the entire job and identify repairs that Disney Construction needs to make before the work is completed. Disney Construction is currently in the process of repairing sidewalk, curbs and gutters and will start final paving of the streets pursuant to the City standards next week.

NMWD will also contact the Meadow Park Homeowners Association property manager and landscape committee chair and set up a meeting before November 5<sup>th</sup> to review the issues identified in your email. It is my intent to have those issues resolved at that meeting including the water bill issue and damage to the landscaping you reported.

**ATTACHMENT 2**

Ms. Anne Sommer  
October 11, 2012  
Page 2

I will keep you and the Novato City Council updated on the progress Disney Construction is making to finish their work, correct all deficiencies, and properly close out this project.

Sincerely,



Chris DeGabriele  
General Manager

CC:

Novato City Council  
NMWD Board of Directors  
Michael Frank, Novato City Manager  
Hamilton Homeowner Association

CD/kly

t:\gm\2012 misc\ltr to meadowpark assoc 101012.doc

## **Novato gas line break prompts evacuations, service disruptions**

*Posted:*

marinij.com

---

Several buildings in Novato were evacuated Friday after an extended gas leak in the Hamilton neighborhood.

The smell of gas was detected around 2:45 p.m. in the area of Main Gate Road and Bolling Drive. Firefighters closed several streets, advised some people to stay inside and evacuated others.

The leak occurred at about the time Hamilton Elementary School was preparing to send its 700 students home for the day, said district spokeswoman Leslie Benjamin. The school kept the students in the building until about 3:15 p.m. before starting to send them home, Benjamin said.

Jana Morris, a spokeswoman for Pacific Gas and Electric, said crews shut off the gas at about 5:40 p.m. She said crews had to dig in three different locations to "squeeze off" the gas before repairs could begin.

"It's a process that takes quite some time," she said.

The cause of the leak was a contractor digging into a 4-inch plastic line at 193 Bolling Drive, she said. Three homes on Moffett Court were left without gas while repairs continued Friday evening.

Contact Gary Klien via email at [gklien@marinij.com](mailto:gklien@marinij.com)

# Novato gas leak quickly contained

## Contractor struck natural gas line with backhoe, causing leak

By NICOLE BAPTISTA  
*MarinScope Newspapers*

A gas leak caused the evacuation of five homes and blocked off several streets in the Hamilton area of Novato on Oct. 5, a PG&E spokeswoman said.

Streets that were blocked off included Chrissy Place, Mather Court, Moffett Court, Tinker Way, Randolph Drive, Kelly Court, and parts of Bolling Drive. About 12 preschool children in the playground at Hamilton School were told to remain at the school until their parents could pick them up, Novato Fire Protection District Battalion Chief Bill Tyler said.

PG&E supervisors and repair crews arrived on scene within 30 minutes and squeezed off the gas leak at 5:40 p.m. Three customers were without gas, PG&E spokeswoman Brittany McKannay said.

The leak occurred after a contractor struck a four-inch natural gas line with a backhoe, a piece of digging equipment, at approximately 2:30 p.m. at Bolling Circle and Tinker Way in Novato, Tyler said.

"A dump truck driver assisting with the excavation reported being light-headed and was treated on scene and transported by Novato paramedics to a local hospital," Tyler said. "Novato Fire crews isolated the area of the break, denied entry to vehicles and pedestrians, and began making notifications."

The North Bay Children's Center was also immediately evacuated as a precaution because they were in the path of the escaping gas, Tyler said.

"A unified command was established with Novato po-

See **GAS A2**

## **GAS:** 100 homes in potential danger from leak

From A1

lice, and all traffic into the area was restricted due to the potential hazard," Tyler said.

A total of five engine companies, one truck company, a medic unit and three chief

officers responded to protect the community. Continuous air monitoring was maintained to check for explosive levels of vapors, Tyler said.

The Marin County Telephone Emergency Notification Service was utilized to broadcast a prerecorded

message to approximately 100 homes in the potentially exposed area, providing instructions on how to shelter-in-place until the hazard was abated, Tyler said.

Contact Nicole Baptista at [nbaptista@marinscope.com](mailto:nbaptista@marinscope.com).

Novato  
Advance  
10/10/12



## MEMORANDUM

To: Board of Directors

October 12, 2012

From: Dianne Landeros, Accounting Supervisor 

Subject: Review – Outside Auditor's 2012 Report, Single-Audit Report, and Management Report  
t:\finance\audit\audit11\bod review outside auditor's 2011 report.doc

**RECOMMENDED ACTION:** Review FY12 Audit Report and Management Report

**FINANCIAL IMPACT:** None with this Review. Annual Audit Cost is \$20,600.

Paul Kaymark of Charles Z. Fedak & Company, CPAs will be present at the meeting to present the Outside Auditor's Annual Audit and Management Reports to the Board. As in previous years, the reports are presented as a draft so that the text can be revised as appropriate should the Board desire.

The Management Report (Attachment 1) states that the auditor did not identify any deficiencies in the District's internal control that might result in material misstatement of the District's financial position. The auditor did not have any comments or recommendations regarding internal controls. This is the fourth year running that the auditor made no internal control recommendation.

Seven accounting adjustments were made by staff this year after submitting the ledger to the outside auditor and are disclosed on the last page of the Management Report. These adjustments include minor corrections that cumulatively reduced FY12 total net income by \$40,284. The most significant adjustment pertained to capitalization of the engineering work performed on the facilities maps database. There were no auditor recommended adjustments this year, which is the fourth year in a row, reflecting the increasing proficiency of the accounting staff.

Staff has reviewed the Charles Z. Fedak & Company financial report and finds it acceptable.

### **RECOMMENDATION**

After reviewing the report with Paul Kaymark at the meeting, provide any comments or recommended revisions to the General Manager by Friday, October 19, 2012. The final report will then be presented for acceptance at the November 6, 2012 Board meeting.

**North Marin Water District**

**Management Report**

**June 30, 2012**

**DRAFT**

North Marin Water District

Management Report

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DRAFT

**CONFIDENTIAL**

Board of Directors  
North Marin Water District  
Novato, California

**Dear Members of the Board:**

In planning and performing our audit of the financial statements of North Marin Water District (District) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Our consideration on internal control was for the limited period described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above in the current or prior year.

Our comments, all of which have been discussed with the appropriate members of management, are summarized as follows:

**Summary of Current Year Comments and Recommendations**

**None Noted**

**Summary of Comments and Recommendations Made in the Previous Year**

**None Noted**

\*\*\*\*\*

This report is intended solely for the information and use of management and the Board of Directors of the District. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

**Charles Z. Fedak & Company, CPA's – An Accountancy Corporation**  
Cypress, California  
September 30, 2012

DRAFT

**APPENDIX**

**North Marin Water District**

**Audit/Finance Committee Letter**

**June 30, 2012**

**DRAFT**

Board of Directors  
North Marin Water District  
Novato, California

We have audited the basic financial statements of the North Marin Water District (District) for the year ended June 30, 2012 and have issued our report thereon dated September 30, 2012. Generally accepted auditing standards require that we provide the Governing Board and management with the following information related to our audit of the District's basic financial statements.

**Auditor's Responsibility under United States Generally Accepted Auditing Standards**

As stated in our Audit Engagement Letter dated May 15, 2012, our responsibility, as described by professional standards, is to express an opinion about whether the basic financial statements prepared by management with oversight of the Governing Board are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Our audit of the financial statements does not relieve the Governing Board or management of its responsibilities of oversight in the District's external financial reporting process or any other processes.

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

**Planned Scope and Timing of the Audit**

~~We performed the audit according to the planned scope and timing requirements previously communicated to management through our Audit Engagement Letter dated May 15, 2012~~

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the basic financial statements.

We noted no transactions entered into by the District during fiscal year 2012 for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

### **Management's Judgments, Accounting Estimates and Financial Disclosures**

Accounting estimates play an integral part in the preparation of basic financial statements by management and are based upon management's knowledge, experience and current judgment(s) about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the position in the basic financial statements is (are):

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits payable is based on an actuarial evaluation of this liability that was conducted by a third-party actuary. We evaluated the basis, actuarial methods and assumptions used by the actuary to calculate the annual required contribution for the District to determine that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the basic financial statements are neutral, consistent and clear. Certain basic financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the basic financial statements is (are):

The disclosure of fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 10 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's other post-employment benefits payable in Note 13 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

### **Corrected and Uncorrected Misstatements**

Generally Accepted Auditing Standards require us to accumulate all known and likely misstatements identified during the audit, except those that are considered trivial, and communicate them to the appropriate level of management as follows:

There were no audit adjustments proposed by the auditor to the original trial balance presented to us to begin our audit. However, the District proposed seven adjusting entries as noted in the schedule of audit adjusting entries attached to the end of this report.



### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principal to the District's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit processes and testwork.

### **Disagreements with Management**

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit of the District.

### **Management Representations**

We have requested certain representations from management that are included in the Management Representational Letter to the Auditor dated September 30, 2012.

### **Conclusion**

We appreciate the cooperation extended us by David Bentley, Auditor-Controller, and Dianne Landeros, Accounting/Human Resources Supervisor, and the rest of the District staff in the performance of our audit testwork.

We will be pleased to respond to any question you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than the specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

**North Marin Water District  
June 30, 2012  
Schedule of Audit Adjusting Journal Entries**

<b>Entry #</b>	<b>Status</b>	<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>
<b>AJE 1</b>	<b>Posted</b>	13710.01	Accounts Receivable - Water	222.65	
		13710.02	Accounts Receivable - Water	73.98	
		24202.01	Deferred Revenue		222.65
		24202.02	Deferred Revenue		73.98
		58001.01	Water Conservation - Residential	50.00	
		13710.01	Accounts Receivable - Water		50.00
<b>CPE - To Adjust A/R Balance</b>					
<b>AJE 2</b>	<b>Posted</b>	57117.01	Depreciation - Transportation Equip	6,201.65	
		49605.01	Gain On Sale Of Property And Equipm		6,201.65
<b>CPE - To Adjust Depreciation Expense</b>					
<b>AJE 3</b>	<b>Posted</b>	59442.01	Bank of Marin Loan Fee Amort - Nova	3,064.72	
		59426.01	Bank of Marin Loan Interest Expense		3,064.72
<b>CPE - To Adjust Deferred Charges Amortization</b>					
<b>AJE 4</b>	<b>Posted</b>	11202.01	Work In Progress - District	4,079.20	
		59426.01	Bank of Marin Loan Interest Expense		4,079.20
		11202.05	Work In Progress - District	2,724.89	
		59441.05	RW Expansion SRF Loan Interest Expe		2,683.45
		22352.05	Accr Int Pay-SRF Loan-RW W/S Svc Ar		41.44
<b>CPE - To Capitalize Interest Expense</b>					
<b>AJE 5</b>	<b>Posted</b>	13740.05	Accounts Receivable - Accrued	20,020.59	
		49303.05	Federal ARRA Grant		20,020.59
		49303.05	Federal ARRA Grant	30,954.00	
		13740.05	Accounts Receivable - Accrued		30,954.00
<b>CPE - To Adjust Grants Receivable</b>					
<b>AJE 6</b>	<b>Posted</b>	12102.01	Engineering Office Furniture & Equi	36,062.81	
		11202.01	Work In Progress - District		36,062.81
		57112.01	Depreciation-Engineering Office Fur	36,062.81	
		12202.01	Depreciation-Engineering Office Fur		36,062.81
		12202.01	Depreciation-Engineering Office Fur	36,062.81	
		12102.01	Engineering Office Furniture & Equi		36,062.81
<b>CPE - To Remove the Costs for the Facilities Maps Database</b>					
<b>AJE 7</b>	<b>Posted</b>	31100.01	Earned Surplus	13,582.04	
		30111.01	Grants In Aid Of Construction		13,582.04
<b>CPE - Reclass Net Assets</b>					
<b>TOTALS</b>				<b>189,162.15</b>	<b>189,162.15</b>



# **NORTH MARIN WATER DISTRICT**

Novato, California

## **Comprehensive Annual Financial Report**

**For the Fiscal Years Ended June 30, 2012 and 2011**

**DRAFT**





**NORTH MARIN  
WATER DISTRICT**

**Board of Directors as of June 30, 2012**

<b>Name</b>	<b>Title</b>	<b>Elected/ Appointed</b>	<b>Current Term</b>
<b>Stephen Petterle</b>	<b>President</b>	<b>Elected</b>	<b>12/11 - 12/15</b>
<b>Rick Fraites</b>	<b>Vice-President</b>	<b>Elected</b>	<b>12/09 - 12/13</b>
<b>Jack Baker</b>	<b>Director</b>	<b>Elected</b>	<b>12/11 - 12/15</b>
<b>Dennis J. Rodoni</b>	<b>Director</b>	<b>Elected</b>	<b>12/11 - 12/15</b>
<b>John C. Schoonover</b>	<b>Director</b>	<b>Elected</b>	<b>12/09 - 12/13</b>

**Chris DeGabriele, General Manager  
North Marin Water District  
999 Rush Creek Place  
Novato, California 94945  
(415) 897-4133 – [www.nmwd.com](http://www.nmwd.com)**

**North Marin Water District**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Years Ended June 30, 2012 and 2011**

DRAFT

**NORTH MARIN WATER DISTRICT**

999 Rush Creek Place  
Novato, California 94945

Prepared by:  
Finance Department  
*David Bentley, Auditor-Controller*  
*Dianne Landeros, Accounting/Human Resources Supervisor*

**North Marin Water District  
Comprehensive Annual Financial Report  
For the Fiscal Years Ended June 30, 2012 and 2011**

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# Introductory Section

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September 30, 2012

Board of Directors  
North Marin Water District

It is our pleasure to submit the Annual Financial Report for the North Marin Water District for the fiscal year ended June 30, 2012 and 2011, following guidelines set forth by the Governmental Accounting Standards Board. District staff prepared this financial report. The District is ultimately responsible for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that the Governmental Accounting Standards Board believes necessary to enhance your understanding of the District's financial position and activities.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditors' Report.

### **District Structure and Leadership**

The North Marin Water District is an independent special district, which operates under the authority of Division 12 of the California Water Code. The North Marin Water District has been providing water service to its customers since 1948. The District is governed by a five-member Board of Directors, elected at-large from within the District's service area. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The North Marin Water District employs 58 (52.5 full-time equivalent) employees, some of whom are part-time or temporary. There are currently 23 office positions and 35 field positions. The District's Board of Directors meets on the first and third Tuesdays of each month. Meetings are publicly noticed and citizens are encouraged to attend.

### **District Services**

The District provides water service to the greater Novato area and to areas of West Marin (Point Reyes Station, Olema, Bear Valley, Inverness Park and Paradise Ranch Estates). The District provides sewer service to the Oceana Marin subdivision adjacent to Dillon Beach.

The District provides water service to approximately 61,000 residents in the greater Novato area through 20,492 service connections. The District also provides water service to approximately 1,800 residents in the Point Reyes service area of West Marin County through 777 service connections and sewer service to approximately 500 residents in the Oceana Marin service area of West Marin County through 227 service connections.

Residential customers are approximately 93% of the District's customer base and consume approximately 80% of the water produced annually by the District. The District purchases approximately 80% of its water supply from the Sonoma County Water Agency (Agency) with the balance derived from the District's Stafford Lake Reservoir and its Deer Island Recycled Water Facility. The District purchased approximately 2.0 billion gallons of water in fiscal year 2011 and 2.4 billion gallons of water in fiscal year 2012 from the Agency.

### **Economic Condition, Outlook and Major Initiatives**

The North Marin Water District (North Marin) carries out its Mission with a highly-motivated and competent staff empowered to conduct the District's business by placing customer needs and welfare first. Each day, District employees strive to carry out their work mindful of these basic principles: Good Water, Good Service, Good Value, and A Safe Place to Work.

The Russian River water delivery system from Sonoma County Water Agency (Agency) typically provides 80% of Novato's water supply, but continues to have limited capacity in summer months. Novato Rainfall in FY 2012 totaled 17.15", approximately 10" less than the historical average annual rainfall. Yet ample water was available in Lakes Mendocino and Sonoma for fish, agriculture and urban uses on the Russian River system and no restrictions on the Russian River deliveries were necessary. North Marin's new Stafford Lake water treatment plant was only partially utilized to augment Russian River supplies with local water supply during the fiscal year due to low rainfall. The Deer Island recycled water treatment facility (a joint project between North Marin and Novato Sanitary District) delivered highly-treated recycled wastewater to irrigate Stone Tree Golf Course.

The Agency has abandoned its effort to construct previously contemplated necessary Russian River water production and delivery facilities (pumps and pipelines) to fulfill the new Restructured Agreement contract requirements for increased Russian River water. The Agency is now focused on compliance with the Biological Opinion for water supply in the Russian River watershed issued by the National Marine Fisheries Service, laying out the requirements to preserve, protect and restore the fisheries over the next 11 years and maintain the existing Russian River water supplies. Additionally, state legislation passed in November 2009 (SB7X-7) will force a 20% reduction in per capita water use by 2020. North Marin must achieve more water conservation and development of recycled water to further stretch our local source of supply in future years.

In response to the reduced water sales and the increased cost of purchased water, the Board of Directors authorized a series of three annual 11% water rate increases in June 2011.

In West Marin, normal year water supply conditions on Lagunitas Creek prevailed and customers experienced no water restrictions. Work on the treatment plant solids handling facility and replacement of Well #3 continued.

At \$544 per year, the cost of water service for a typical Novato single family home using 110,700 gallons of water a year is the sixth-lowest of urban area water purveyors. Water remains a good value for Novato customers.

### **District Water Supply**

#### ***Stafford Lake – Local Source Provides 20% of the District's Supply***

Stafford Lake lies four miles west of downtown Novato and collects the runoff from 8.3 square miles of watershed land adjacent to the upper reaches of Novato Creek. The lake has a surface area of 230 acres and holds 4,450 AF (acre-feet) (1,450 MG) of water. Water from Stafford Lake is fed into the 6 million gallons per day (mgd) treatment plant located just below the dam. In fiscal year 2011 and 2012, 2,714AF (884 MG) and 1,788 AF (586 MG), respectively, of water was produced by the Stafford Lake Water Treatment Plant.

### ***Russian River – Provides 80% of the District's Annual Supply***

Russian River water originates from both the Eel River and the Russian River watersheds northeast of the City of Ukiah (Lake Mendocino) and west of Healdsburg (Lake Sonoma). The Coyote Dam and Lake Mendocino impound the Eel River diversions and winter runoff from the local watershed. Warm Springs Dam and Lake Sonoma impound winter runoff from the Dry Creek and Warm Springs local watersheds. Lakes Mendocino and Sonoma combined can store 367,500 acre feet to meet the regions' water supply needs. Releases from the lakes flow to a point about 10 miles upstream of Guerneville where six deep Ranney Collector wells collect river water that has been filtered through 60 to 90 feet of natural sand and gravel to perforated pipes located at the bottom of each well. The thick layer of sand and gravel through which the water must pass before reaching the intake pipes provides a highly-efficient, natural filtration process which, with chlorination treatment, produces a clear, potable, bacteria-free water. This water is then fed directly into the Agency's aqueduct system.

In fiscal year 2011 and 2012, the District received 6,177 AF (2,013 MG) and 7,401 AF (2,411 MG), respectively, of Russian River water. The District has an agreement in place with the Agency to provide sufficient supply and meet the District's current and future water supply needs. There continues to be competing interests for Russian River water, principally to protect steelhead and salmon listed as threatened species under the Endangered Species Act. The Biological Opinion for water supply in the Russian River watershed has been issued by the National Marine Fisheries Service laying out the requirements to preserve, protect and restore the fisheries over the next 11 years and maintain the existing Russian River water supplies. The District continues to actively support the necessary development of the Russian River water supply and protection of the Russian River fisheries.

### **Internal Control Structure**

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure also ensures that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **Budgetary Control**

The District Board of Directors annually adopts an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

### **Investment Policy**

The Board of Directors has adopted an investment policy that conforms to state law, District ordinance and resolutions, prudent money management, and the "prudent person" standard. The objective of the Investment Policy is safety, maturity and yield. District funds are invested in the State Treasurer's Local Agency Investment Fund and certificates of deposit from local banks.

## Water Rates and District Revenues

Revenue from user charges generated from District customers support District operations. Accordingly, water and sewer rates are reviewed annually. Water and sewer rates are user charges imposed on customers for services and are the primary component of the District's revenue. Water rates are composed of a commodity (water use) charge and a fixed bimonthly service charge; whereas, sewer rates are composed exclusively of a fixed charge.

## Audit and Financial Reporting

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent Certified Public Accountant. The accounting firm of Charles Z. Fedak & Company, CPAs has conducted the audit of the District's financial statements. Their unqualified Independent Auditor's Report appears in the Financial Section.

## Awards and Acknowledgements

For the third consecutive year, the District was awarded the Government Finance Officers Association of the United States and Canada's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting* for its 2011 Consolidated Annual Financial Report (CAFR). To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

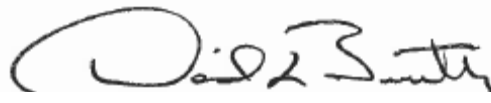
A Certificate of Achievement is valid for a period of one year. We believe that this CAFR meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for 2012.

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the District. We would also like to thank the members of the Board of Directors for their continued support in planning and implementation of the North Marin Water District's fiscal policies.

Respectfully submitted,

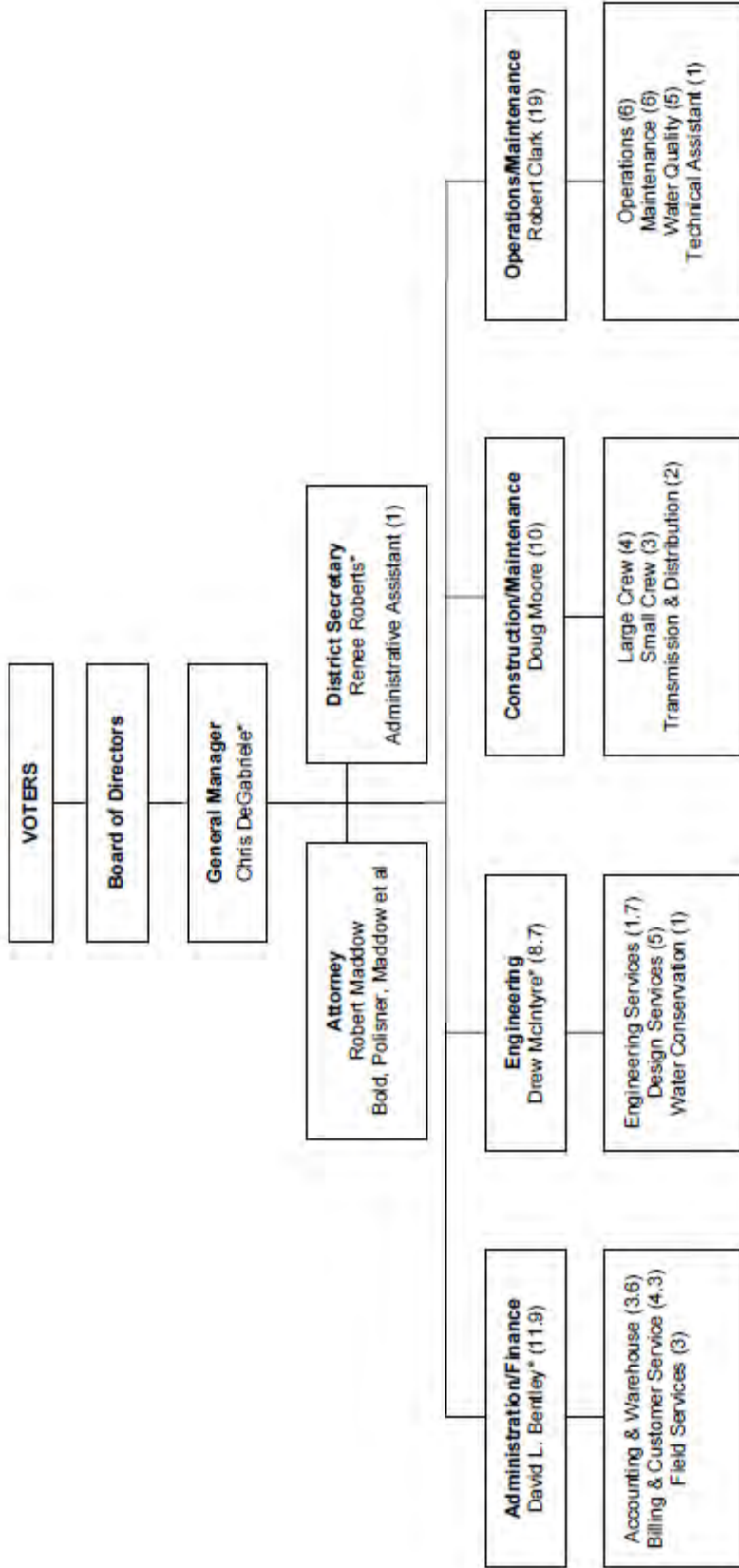


Chris DeGabriele  
General Manager



David L. Bentley  
Auditor-Controller

**North Marin Water District**  
 Organization Chart  
 June 2012







# Certificate of Achievement for Excellence in Financial Reporting

Presented to

North Marin Water District  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Dawson*

President

*Jeffrey R. Emer*

Executive Director

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# Financial Section

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Charles Z. Fedak, CPA, MBA  
Paul J. Kaymark, CPA  
Christopher J. Brown, CPA

# Charles Z. Fedak & Company

Certified Public Accountants  
An Accountancy Corporation

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## Independent Auditor's Report

Board of Directors  
North Marin Water District  
Novato, California

We have audited the accompanying financial statements of the North Marin Water District (District) as of and for the years ended June 30, 2012 and 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the North Marin Water District as of June 30, 2012 and 2011, and the respective changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. That report can be found on page 65.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 14 and the required supplementary information on page 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Independent Auditor's Report, continued**

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The introductory section on pages 1 through 7, the supplementary information of combining schedules on pages 45 through 48, and the statistical section on pages 49 through 64 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The supplementary information of combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Charles Z. Fedak & Company, CPA's – An Accountancy Corporation**  
Cypress, California  
September 30, 2012

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**North Marin Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2012 and 2011**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the North Marin Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2012 and 2011. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

**Financial Highlights**

- In fiscal year 2012, the District's net assets increased 3.8% or \$2,767,934 to \$76,061,390. In fiscal year 2011, the District's net assets increased 0.8% or \$628,894 to \$73,293,456
- In 2012, the District's operating revenues increased 11.9% or \$1,638,721 to \$15,435,733 due primarily to implemented rate increases and an increase in consumption from the prior year. In 2011, the District's operating revenues increased 11.4% or \$1,415,519 to \$13,797,012 due primarily to implemented rate increases.
- In 2012, the District's operating expenses before depreciation increased 6.2% or \$732,250 due primarily to a \$1,294,156 increase in purchased water expense. In 2011, the District's operating expenses before depreciation decreased 7.6% or \$1,204,760 due to primarily a \$1,286,036 decrease in expensed improvement project costs.

**Required Financial Statements**

This annual report consists of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Assets includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**Financial Analysis of the District**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

**North Marin Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2012 and 2011**

These two statements report the District's *net assets* and changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, new or changed government legislation or accounting standards, as well as changes in Federal and State water quality standards.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 19 through 43.

**Statement of Net Assets**

Condensed Statements of Net Assets					
	2012	2011	Change	2010	Change
Assets:					
Current assets	\$ 18,315,830	6,311,477	12,004,353	6,873,912	(562,435)
Non-current assets	6,640,529	5,983,511	657,018	7,209,512	(1,226,001)
Capital assets, net	<u>89,703,025</u>	<u>83,053,832</u>	<u>6,649,193</u>	<u>80,953,926</u>	<u>2,099,906</u>
<b>Total assets</b>	<u>114,659,384</u>	<u>95,348,820</u>	<u>19,310,564</u>	<u>95,037,350</u>	<u>311,470</u>
Liabilities:					
Current liabilities	4,746,654	2,355,902	2,390,752	2,244,516	111,386
Non-current liabilities	<u>33,851,340</u>	<u>19,699,462</u>	<u>14,151,878</u>	<u>20,128,272</u>	<u>(428,810)</u>
<b>Total liabilities</b>	<u>38,597,994</u>	<u>22,055,364</u>	<u>16,542,630</u>	<u>22,372,788</u>	<u>(317,424)</u>
Net assets:					
Net investment in capital assets	61,882,478	63,542,479	(1,660,001)	60,880,162	2,662,317
Restricted for capital proj. and debt	2,993,055	3,171,305	(178,250)	5,321,639	(2,150,334)
Unrestricted	<u>11,185,857</u>	<u>6,579,672</u>	<u>4,606,185</u>	<u>6,462,761</u>	<u>116,911</u>
<b>Total net assets</b>	<u>76,061,390</u>	<u>73,293,456</u>	<u>2,767,934</u>	<u>72,664,562</u>	<u>628,894</u>
<b>Total liabilities and net assets</b>	<u>\$ 114,659,384</u>	<u>95,348,820</u>	<u>19,310,564</u>	<u>95,037,350</u>	<u>311,470</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by \$76,061,390 and \$73,293,456 as of June 30, 2012 and 2011, respectively.

By far the largest portion of the District's net assets (81% and 87% as of June 30, 2012 and 2011, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending.

At the end of fiscal year 2012 and 2011, the District showed a positive balance in its unrestricted net assets of \$11,185,857 and \$6,579,672, respectively. See note 15 for the amount of spendable net assets that may be utilized in future years.

**North Marin Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2012 and 2011**

**Statement of Revenues, Expenses and Changes in Net Assets**

<b>Condensed Statements of Revenues, Expenses and Changes in Net Assets</b>					
	<b>2012</b>	<b>2011</b>	<b>Change</b>	<b>2010</b>	<b>Change</b>
Revenue:					
Operating revenue	\$ 15,435,733	13,797,012	1,638,721	12,381,493	1,415,519
Non-operating revenue	536,744	322,266	214,478	457,569	(135,303)
<b>Total revenue</b>	<b>15,972,477</b>	<b>14,119,278</b>	<b>1,853,199</b>	<b>12,839,062</b>	<b>1,280,216</b>
Expense:					
Operating expense	13,242,635	12,320,678	921,957	13,451,355	(1,130,677)
Overhead absorption	(631,773)	(442,066)	(189,707)	(367,983)	(74,083)
Depreciation and amortization	2,726,598	2,660,418	66,180	2,659,883	535
Non-operating expense	1,068,062	736,829	331,233	712,787	24,042
<b>Total expense</b>	<b>16,405,522</b>	<b>15,275,859</b>	<b>1,129,663</b>	<b>16,456,042</b>	<b>(1,180,183)</b>
<b>Net loss before capital contrib.</b>	<b>(433,045)</b>	<b>(1,156,581)</b>	<b>723,536</b>	<b>(3,616,980)</b>	<b>2,460,399</b>
Capital contributions	3,200,979	1,785,475	1,415,504	2,998,366	(1,212,891)
<b>Change in net assets</b>	<b>2,767,934</b>	<b>628,894</b>	<b>2,139,040</b>	<b>(618,614)</b>	<b>1,247,508</b>
<b>Net assets, beginning of year</b>	<b>73,293,456</b>	<b>72,664,562</b>	<b>628,894</b>	<b>73,283,176</b>	<b>(618,614)</b>
<b>Net assets, end of year</b>	<b>\$ 76,061,390</b>	<b>73,293,456</b>	<b>2,767,934</b>	<b>72,664,562</b>	<b>628,894</b>

The statement of revenues, expenses and changes of net assets shows how the District's net assets changed during the fiscal years. In the case of the District, net assets increased by \$2,767,934 and \$628,894 in the fiscal years ended June 30, 2012 and 2011, respectively.

A closer examination of the sources of changes in net assets reveals that:

In 2012, the District's operating revenues increased 11.9% or \$1,638,721 to \$15,435,733 due primarily to implemented rate increases and an increase in consumption from the prior year. In 2011, the District's operating revenues increased 11.4% or \$1,415,519 to \$13,797,012 due primarily to implemented rate increases.

In 2012, the District's operating expenses before depreciation increased 6.2% or \$732,250 due primarily to a \$1,294,156 increase in purchased water expense. In 2011, the District's operating expenses before depreciation decreased 7.6% or \$1,204,760 due to primarily a \$1,286,036 decrease in expensed improvement project costs.

**North Marin Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2012 and 2011**

**Total District Revenues**

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>2010</u>	<u>Change</u>
<b>Operating revenues:</b>					
Water consumption sales	\$ 12,156,765	11,334,728	822,037	10,086,100	1,248,628
Monthly meter service charge	2,860,630	2,109,255	751,375	1,913,170	196,085
Sewer service charges	157,311	149,820	7,491	148,427	1,393
Water conservation	16,095	4,095	12,000	24,295	(20,200)
Other charges and services	244,932	199,114	45,818	209,501	(10,387)
<b>Total operating revenues</b>	<u>15,435,733</u>	<u>13,797,012</u>	<u>1,638,721</u>	<u>12,381,493</u>	<u>1,415,519</u>
<b>Non-operating revenues:</b>					
Property tax revenue	101,559	96,768	4,791	100,220	(3,452)
Investment earnings	130,974	118,410	12,564	202,459	(84,049)
Rental revenue	69,206	68,062	1,144	51,884	16,178
Gain from dental liability reserve offset	174,119	-	174,119	-	-
Other non-operating revenues	60,886	39,026	21,860	103,006	(63,980)
<b>Total non-operating revenues</b>	<u>536,744</u>	<u>322,266</u>	<u>214,478</u>	<u>457,569</u>	<u>(135,303)</u>
<b>Total revenues</b>	<u>\$ 15,972,477</u>	<u>14,119,278</u>	<u>1,853,199</u>	<u>12,839,062</u>	<u>1,280,216</u>

In 2012 and 2011, total District revenues increased \$1,853,199 and \$1,280,217, respectively.

**Total District Expenses**

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>2010</u>	<u>Change</u>
<b>Operating expenses:</b>					
Source of supply	\$ 5,150,183	3,856,027	1,294,156	3,497,565	358,462
Pumping	304,075	299,462	4,613	298,583	879
Water facilities operations	708,570	648,743	59,827	633,259	15,484
Water treatment	1,747,166	2,012,125	(264,959)	2,027,052	(14,927)
Transmission and distribution	2,373,132	2,400,638	(27,506)	2,450,765	(50,127)
Sewage collection and treatment	112,801	103,054	9,747	95,116	7,938
Customer service	580,534	564,940	15,594	535,401	29,539
General and administrative	1,990,455	1,886,541	103,914	1,984,300	(97,759)
Improvement projects	3,383	160,980	(157,597)	1,447,016	(1,286,036)
Water conservation	272,336	388,168	(115,832)	482,298	(94,130)
Overhead absorption	(631,773)	(442,066)	(189,707)	(367,983)	(74,083)
Depreciation and amortization	2,726,598	2,660,418	66,180	2,659,883	535
<b>Total operating expenses</b>	<u>15,337,460</u>	<u>14,539,030</u>	<u>798,430</u>	<u>15,743,255</u>	<u>(1,204,225)</u>
<b>Non-operating expenses:</b>					
Interest expense – long-term debt	665,713	490,601	175,112	513,763	(23,162)
Amortization of deferred charges	3,065	-	3,065	-	-
Allowance for impairment of emp. loans	390,000	-	390,000	-	-
Wohler/Collector No. 6 project	-	224,890	(224,890)	189,269	35,621
Other non-operating expenses	9,284	21,338	(12,054)	9,755	11,583
<b>Total non-operating expenses</b>	<u>1,068,062</u>	<u>736,829</u>	<u>331,233</u>	<u>712,787</u>	<u>24,042</u>
<b>Total expenses</b>	<u>\$ 16,405,522</u>	<u>15,275,859</u>	<u>1,129,663</u>	<u>16,456,042</u>	<u>(1,180,183)</u>

In 2012, total District expenses increased by \$1,129,663 and in 2011, total District expenses decreased by \$1,180,183.



**North Marin Water District**  
**Management's Discussion and Analysis**  
**For the Years Ended June 30, 2012 and 2011**

**Capital Asset Administration**

Changes in capital asset amounts for 2012 were as follows:

	<u>Balance 2011</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2012</u>
Capital assets:				
Non-depreciable assets	\$ 6,120,568	9,180,508	(2,617,203)	12,683,873
Depreciable assets	113,448,662	2,812,486	(95,583)	116,165,565
Accumulated depreciation	<u>(36,515,398)</u>	<u>(2,726,598)</u>	<u>95,583</u>	<u>(39,146,413)</u>
Total capital assets, net	<u>\$ 83,053,832</u>	<u>9,266,396</u>	<u>(2,617,203)</u>	<u>89,703,025</u>

Changes in capital asset amounts for 2011 were as follows:

	<u>Balance 2010</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2011</u>
Capital assets:				
Non-depreciable assets	\$ 2,876,446	4,158,992	(914,870)	6,120,568
Depreciable assets	112,023,243	1,516,202	(90,783)	113,448,662
Accumulated depreciation	<u>(33,945,763)</u>	<u>(2,660,418)</u>	<u>90,783</u>	<u>(36,515,398)</u>
Total capital assets, net	<u>\$ 80,953,926</u>	<u>3,014,776</u>	<u>(914,870)</u>	<u>83,053,832</u>

At the end of fiscal year 2012 and 2011, the District's investment in capital assets amounted to \$89,703,025 and \$83,053,832, respectively, (net of accumulated depreciation). This investment in capital assets includes: land, transmission and distribution systems, reservoirs, tanks, pumps, buildings and structures, equipment, vehicles and construction-in-progress, etc. (See Note 10 for further information)

**Debt Administration**

Changes in long-term debt amounts for 2012 were as follows:

	<u>Balance 2011</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2012</u>
Long-term debt:				
Bonds payable	\$ 250,587	-	(41,384)	209,203
Loans payable	<u>19,260,766</u>	<u>13,277,764</u>	<u>(1,075,026)</u>	<u>31,463,504</u>
Total long-term debt	<u>\$ 19,511,353</u>	<u>13,277,764</u>	<u>(1,116,410)</u>	<u>31,672,707</u>

Changes in long-term debt amounts for 2011 were as follows:

	<u>Balance 2010</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2011</u>
Long-term debt:				
Bonds payable	\$ 282,809	-	(32,222)	250,587
Loans payable	<u>19,790,955</u>	<u>335,811</u>	<u>(866,000)</u>	<u>19,260,766</u>
Total long-term debt	<u>\$ 20,073,764</u>	<u>335,811</u>	<u>(898,222)</u>	<u>19,511,353</u>

(See Note 14 for further debt service information)

**Requests for Information**

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Auditor-Controller at 999 Rush Creek Place, Novato, California 94945 – (415) 897-4133.

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# Basic Financial Statements

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**North Marin Water District  
Statements of Net Assets  
June 30, 2012 and 2011**

<u>Assets</u>	<u>2012</u>	<u>2011</u>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 3,440,996	915,270
Restricted – cash and cash equivalents (note 2)	6,068,240	1,447,293
Accrued interest receivable	12,441	11,665
Accounts receivable – water and sewer sales and services	3,079,366	2,447,954
Accounts receivable – governmental agencies	564,454	95,253
Accounts receivable – other	28,748	54,374
Capital grants and loan proceeds receivable	4,194,515	556,534
Note receivable – property tax from state (note 3)	7,839	7,697
Note receivable – Black Point Golf Links – current portion (note 4)	191,861	187,320
Notes receivable – employee computer loans (note 5)	6,143	7,195
Provision for pension related debt – current portion (note 6)	67,809	-
Materials and supplies inventory	612,966	552,753
Prepaid expenses and deposits	40,452	28,169
Total current assets	<u>18,315,830</u>	<u>6,311,477</u>
<b>Non-current assets:</b>		
Restricted – investments (note 2)	1,012,117	2,015,882
Internal balances (note 8)	-	-
Note receivable – Black Point Golf Links (note 4)	2,333,983	2,525,844
Notes receivable – employee housing assistance loans, net (note 7)	1,051,785	1,441,785
Provision for pension related debt (note 6)	2,153,768	-
Deferred charges, net (note 9)	88,876	-
Capital assets, not being depreciated (note 10)	12,683,873	6,120,568
Depreciable capital assets, net (note 10)	77,019,152	76,933,264
Total non-current assets	<u>96,343,554</u>	<u>89,037,343</u>
<b>Total assets</b>	<u>\$ 114,659,384</u>	<u>95,348,820</u>
<b><u>Liabilities and Net Assets</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 3,154,607	998,238
Accrued wages and related payables	179,485	345,588
Accrued claims payable (note 11)	21,783	14,400
Customer advances and deposits	274,382	286,112
Accrued interest payable – long-term debt	22,857	11,085
<b>Long-term liabilities – due within one year:</b>		
Compensated absences (note 12)	143,966	124,488
Bonds payable (note 14)	35,553	33,384
Loans payable (note 14)	846,212	542,607
Pension related debt (note 6)	67,809	-
Total current liabilities	<u>4,746,654</u>	<u>2,355,902</u>
<b>Non-current liabilities:</b>		
<b>Long-term liabilities – due in more than one year:</b>		
Compensated absences (note 12)	431,897	373,464
Post employment benefits payable (note 13)	474,733	390,636
Bonds payable (note 14)	173,650	217,203
Loans payable (note 14)	30,617,292	18,718,159
Pension related debt (note 6)	2,153,768	-
Total non-current liabilities	<u>33,851,340</u>	<u>19,699,462</u>
<b>Total liabilities</b>	<u>38,597,994</u>	<u>22,055,364</u>
<b>Net assets: (note 15)</b>		
Investment in capital assets, net of related debt	61,882,478	63,542,479
Restricted for capital projects and debt service	2,993,055	3,171,305
Unrestricted	11,185,857	6,579,672
<b>Total net assets</b>	<u>76,061,390</u>	<u>73,293,456</u>
<b>Total liabilities and net assets</b>	<u>\$ 114,659,384</u>	<u>95,348,820</u>

See accompanying notes to the basic financial statements

**North Marin Water District**  
**Statements of Revenues, Expenses and Changes in Net Assets**  
**For the Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Water consumption sales	\$ 12,156,765	11,334,728
Bi-monthly meter service charge	2,860,630	2,109,255
Sewer service charges	157,311	149,820
Water conservation	16,095	4,095
Other charges and services	<u>244,932</u>	<u>199,114</u>
Total operating revenues	<u>15,435,733</u>	<u>13,797,012</u>
Operating expenses:		
Source of supply	5,150,183	3,856,027
Pumping	304,075	299,462
Water facilities operations	708,570	648,743
Water treatment	1,747,166	2,012,125
Transmission and distribution	2,373,132	2,400,638
Sewage collection and treatment	112,801	103,054
Customer service	580,534	564,940
General and administrative	1,990,455	1,886,541
Improvement projects	3,383	160,980
Water conservation	<u>272,336</u>	<u>388,168</u>
Total operating expenses	<u>13,242,635</u>	<u>12,320,678</u>
Operating income before overhead absorption	2,193,098	1,476,334
Overhead absorption	<u>631,773</u>	<u>442,066</u>
Operating income before depreciation and amortization	2,824,871	1,918,400
Depreciation and amortization	<u>(2,726,598)</u>	<u>(2,660,418)</u>
<b>Operating income(loss)</b>	<u>98,273</u>	<u>(742,018)</u>
Non-operating revenues(expenses):		
Property tax revenue	101,559	96,768
Investment earnings	130,974	118,410
Rental revenue	69,206	68,062
Gain from dental liability reserve offset	174,119	-
Interest expense – long-term debt	(665,713)	(490,601)
Amortization of deferred charges	(3,065)	-
Allowance for impairment of employee housing loans	(390,000)	-
Wohler/Collector No. 6 project (note 19)	-	(224,890)
Other non-operating revenues	60,886	39,026
Other non-operating expenses	<u>(9,284)</u>	<u>(21,338)</u>
Total non-operating revenues, net	<u>(531,318)</u>	<u>(414,563)</u>
<b>Net loss before capital contributions</b>	<u>(433,045)</u>	<u>(1,156,581)</u>
Capital contributions:		
Developers and others	423,045	617,973
Contributed capital assets	224,252	492,398
Connection fees	1,005,680	387,610
Capital grants – federal	1,548,002	220,724
Capital grants – state and local	<u>-</u>	<u>66,770</u>
<b>Capital contributions</b>	<u>3,200,979</u>	<u>1,785,475</u>
<b>Change in net assets</b>	2,767,934	628,894
Net assets, beginning of year	<u>73,293,456</u>	<u>72,664,562</u>
Net assets, end of year	<u>\$ 76,061,390</u>	<u>73,293,456</u>

See accompanying notes to the basic financial statements

**North Marin Water District  
Statements of Cash Flows  
For the Years Ended June 30, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 14,490,838	13,845,145
Cash paid to employees for salaries and wages	(4,237,965)	(4,237,429)
Cash paid to vendors and suppliers for materials and services	(6,132,631)	(7,627,597)
Net cash provided by operating activities	4,120,242	1,980,119
Cash flows from non-capital financing activities:		
Property tax revenue	101,559	95,831
Net cash provided by non-capital financing activities	101,559	95,831
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(9,375,791)	(4,760,323)
Proceeds from capital contributions and connection fees	2,514,997	1,613,955
Proceeds from principal issued on long-term debt	10,325,765	-
Cost of issuance of long-term debt	(91,941)	-
Principal paid on long-term debt	(1,116,410)	(898,222)
Interest paid on long-term debt	(653,941)	(492,010)
Net cash provided(used) by capital and related financing activities	1,602,679	(4,536,600)
Cash flows from investing activities:		
Proceeds from sale of investments	1,000,000	3,000,000
Purchases of investments	-	(2,000,000)
Principal received on notes receivable	187,320	179,851
Principal received(issued) on employee computer loans, net	1,052	(3,037)
Investment earnings	133,821	148,576
Net cash provided by investing activities	1,322,193	1,325,390
<b>Net increase(decrease) in cash and cash equivalents</b>	7,146,673	(1,135,260)
Cash and cash equivalents, beginning of year	2,362,563	3,497,823
Cash and cash equivalents, end of year	\$ 9,509,236	2,362,563
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 3,440,996	915,270
Restricted assets – cash and cash equivalents	6,068,240	1,447,293
Total cash and cash equivalents	\$ 9,509,236	2,362,563

Continued on next page

See accompanying notes to the basic financial statements

**North Marin Water District**  
**Statements of Cash Flows, continued**  
**For the Year Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income(loss)	\$ 98,273	(742,018)
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:		
Deprecation	2,726,598	2,660,418
Rental revenue	69,206	68,062
Gain from dental liability reserve offset	174,119	-
Wohler/Collector No. 6 project	-	(224,890)
Other non-operating revenue	60,886	39,026
Other non-operating expenses	(9,284)	(21,338)
Changes in assets and liabilities:		
(Increase)Decrease in assets:		
Accounts receivable – water and sewer sales and services	(631,412)	(206,460)
Accounts receivable – governmental agencies	(469,201)	139,844
Accounts receivable – other	25,626	7,661
Materials and supplies inventory	(60,213)	(530)
Prepaid expenses and other deposits	(12,283)	13,948
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	2,156,369	101,684
Accrued wages and related payables	(166,103)	13,822
Accrued claims payable	7,383	-
Customer advances and deposits	(11,730)	(33,148)
Compensated absences	77,911	64,731
Post employment retirement benefits	84,097	99,307
Total adjustments	<u>4,021,969</u>	<u>2,722,137</u>
Net cash provided by operating activities	<u>\$ 4,120,242</u>	<u>1,980,119</u>
Non-cash investing, capital and financing transactions:		
Change in fair-market value of investments	\$ 7,486	(24,868)
Contributed capital	<u>224,252</u>	<u>492,398</u>

See accompanying notes to the basic financial statements

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**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

The North Marin Water District (District) is an independent special district formed in April 1948, which operates under the authority of Division 12 of the California Water Code. The District's service area includes the City of Novato, adjacent areas, plus annexed areas in West Marin County. The District is governed by a five-member Board of Directors who serve overlapping four-year terms.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 14, *The Financial Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units* (an amendment of No. 14). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The District's operations are accounted for by the following service areas, some of which were originally established as Improvement Districts. Although the Improvement Districts are legally separate organizations, they are reported herein as if they were part of the primary government because the primary government controls the Improvement Districts and the Board of Directors serve as their governing board. The following service areas are reported as blended component units.

**Novato Water System** – The Novato Water System is the primary service division of the District and represents the basic primary component of the District.

**West Marin Water System** formally *Point Reyes Service Area*. – This service area began in 1970 as a separate voter-approved Improvement District. Point Reyes was consolidated with the Olema Improvement District in 1996 and the Paradise Ranch Estate Improvement District in 2002, forming the West Marin Water System.

**Oceana Marin Sewer Service** – By agreement with a private developer, this service area was formed to provide sewer service to area residents commencing in June 1973.

**Novato Recycled Water System** – This is an enterprise fund which was formed by the District in 2007 which accounts for the operation of the District's recycled water treatment plant in a separate fund.

**B. Basis of Accounting and Measurement Focus**

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the cost of providing water or wastewater disposal to its service area on a continuing basis be financed or recovered primarily through user charges (water sales and sewer service charges), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and sewer service charges along with water purchases and wastewater disposal, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses. Non-operating revenues and expenses, such as grant funding, investment income and interest expense, result from non-exchange transactions, in which the District gives (receives) value without directly receiving (giving) value in exchange.



**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**C. Financial Reporting**

The District's basic financial statements are presented in conformance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*" (GASB No. 34). This statement established revised financial reporting requirements for state and local governments throughout the United States for the purpose of enhancing the understandability and usefulness of financial reports.

GASB No. 34 and its related GASB pronouncements provide for a revised view of financial information and restructure the format of financial information provided prior to its adoption. A statement of net assets replaces the balance sheet and reports assets, liabilities, and the difference between them as net assets, not equity. A statement of revenues, expenses and changes in net assets replaces both the income statement and the statement of changes in retained earnings and contributed capital. GASB No. 34 also requires that the statement of cash flows be prepared using the direct method. Under the direct method, cash flows from operating activities are presented by major categories.

Under GASB No. 34, enterprise funds, such as the District, have the option of consistently following or not following pronouncements issued by the Financial Accounting Standards Board (FASB) subsequent to November 30, 1989. The District has elected not to follow FASB standards issued after that date, unless such standards are specifically adopted by GASB.

**D. Assets, Liabilities and Net Assets**

**1. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net assets during the reporting period.

**2. Cash and Cash Equivalents**

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**3. Investments and Investment Policy**

The District has adopted an investment policy directing the District's Auditor-Controller to deposit funds in financial institutions.

Changes in market value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in market value, and any gains or losses realized upon the liquidation or sale of investments.

**4. Accounts Receivable**

The District extends credit to customers in the normal course of operations. Management deems all accounts receivable as collectible at year-end. Accordingly, an allowance for doubtful accounts has not been recorded.

**5. Property Taxes**

The County of Marin Assessor's Office assesses all real and personal property within the County each year. The County of Marin Tax Collector's Offices bills and collects the District's share of property taxes and assessments. The County of Marin Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Liabilities and Net Assets, continued**

**6. Restricted Assets**

Restricted assets are financial resources generated for a specific purpose such as capital projects or debt service. These assets are for the benefit of a specified purpose and, as such, are legally or contractually restricted by an external third-party agreement.

**7. Prepaid Expenses**

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

**8. Capital Assets**

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for capitalizing equipment purchases at \$5,000. Donated assets are recorded at estimated cost at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- Dam – 100 years
- Transmission and distribution systems – 50 to 150 years
- Treatment plant – 20 to 50 years
- Sewer mains and pumps – 10 to 40 years
- Buildings and storage facilities – 35 years
- Equipment and vehicles – 5 to 10 years

**9. Compensated Absences**

The District's employees have a vested interest in accrued vacation time. All vacation hours will eventually be either used or paid-off by the District. Employees earn vacation time on a semi-monthly basis. Employees normally earn and use their current vacation time with a small portion being unused each year. As this occurs, the District incurs a future obligation to pay for these unused hours and accrued a liability for such accumulated and unpaid vacation time.

Full-time District employees earn sick leave at a rate of one day per month. District employees may elect to be paid for accumulated and unused sick leave in excess of 90 days, at a rate of one-half of the value of such accumulated amount. The District has accrued a liability for such excess amounts.

**10. Water and Sewer Sales**

Water sales are billed on a bi-monthly cyclical basis. Estimated unbilled water and sewer sales and service charges through June 30<sup>th</sup> have been accrued as of year end.

**11. Capital Contributions**

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment.

**12. Capital and Operating Grants**

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a capital or operating grant receivable on the statement of net assets and as capital grant contribution or operating grant revenue, as appropriate, on the statement of revenues, expenses and changes in net assets.

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(1) Reporting Entity and Summary of Significant Accounting Policies, continued**

**D. Assets, Liabilities and Net Assets, continued**

**13. Budgetary Policies**

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparison of actual revenue and expense with planned revenue and expense for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

**14. Net Assets**

The financial statements utilize a net assets presentation. Net assets are categorized as follows:

- **Net Investment in Capital Assets** – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt against the acquisition, construction or improvement of those assets.
- **Restricted Net Assets** – This component of net assets consists of constraints placed on net assets use imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Assets** – This component of net assets consists of net assets that do not meet the definition of *restricted* or *net investment in capital assets*.

**(2) Cash and Investments**

Cash and investments as of June 30, are classified in the accompanying financial statements as follows:

	<b>2012</b>	<b>2011</b>
Cash and cash equivalents	\$ 3,440,996	915,270
Restricted – cash and cash equivalents	6,068,240	1,447,293
Restricted – investments	1,012,117	2,015,882
Total cash and investments	\$ 10,521,353	4,378,445

Cash and investments as of June 30, consist of the following:

	<b>2012</b>	<b>2011</b>
Cash on hand	\$ 350	350
Deposits with financial institutions	100,148	106,291
Deposits with County of Marin Treasury	332,654	231,742
Investments	10,088,201	4,040,062
Total cash and investments	\$ 10,521,353	4,378,445

**North Marin Water District  
Notes to the Basic Financial Statements  
For the Years Ended June 30, 2012 and 2011**

**(2) Cash and Investments**

***Investments Authorized by the California Government Code and the District's Investment Policy***

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage Of Portfolio *</b>	<b>Maximum Investment in One Issuer</b>
State and Local Agency Bonds	5 years	100%	None
U.S. Treasury Obligations	5 years**	100%	None
U.S. Agency Securities	5 years**	100%	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Non-negotiable Certificates of Deposit	1 year	30%	None
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	None
Repurchase agreements	30 days	100%	None
Money Market Mutual Funds	N/A	20%	10%
California Local Agency Investment Fund (LAIF)	N/A	100%	None
California Asset Management Program (CAMP)	N/A	100%	None

\* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

\*\* Except when authorized by the District's legislative body in accordance with Government Code Section 53601

***Investments Authorized by Debt Agreements***

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy.

***Custodial Credit Risk***

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

**North Marin Water District  
Notes to the Basic Financial Statements  
For the Years Ended June 30, 2012 and 2011**

**(2) Cash and Investments, continued**

***Custodial Credit Risk, continued***

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit), and, the District's investment policy that requires no more than two-thirds of the District's deposits in a depository shall be collateralized by mortgage-backed securities, with the remainder to be secured by non-mortgage-backed securities. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the District's bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

***Investment in State Investment Pool***

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date:

Investments at June 30, 2012, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 months or less</u>	<u>13 to 24 months</u>	<u>25-60 months</u>
Local Agency Investment Fund	\$ 9,076,084	9,076,084	-	-
Certificates-of-deposit	1,000,000	1,000,000	-	-
Olema general obligation bond	12,117	-	-	12,117
Total	<u>\$ 10,088,201</u>	<u>10,076,084</u>	<u>-</u>	<u>12,117</u>

Investments at June 30, 2011, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 months or less</u>	<u>13 to 24 months</u>	<u>25-60 months</u>
Local Agency Investment Fund	\$ 2,024,180	2,024,180	-	-
Certificates-of-deposit	2,000,000	2,000,000	-	-
Olema general obligation bond	15,882	-	-	15,882
Total	<u>\$ 4,040,062</u>	<u>4,024,180</u>	<u>-</u>	<u>15,882</u>

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(2) Cash and Investments, continued**

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Credit ratings at June 30, 2012, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Ratings AA+ to A-</u>
Local Agency Investment Fund	\$ 9,076,084	N/A	9,076,084	-
Certificates-of-deposit	1,000,000	N/A	1,000,000	-
Olema general obligation bond	12,117	A+	-	12,117
Total	\$ <u>10,088,201</u>		<u>10,076,084</u>	<u>12,117</u>

Credit ratings at June 30, 2011, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Ratings AA+ to A-</u>
Local Agency Investment Fund	\$ 2,024,180	N/A	2,024,180	-
Certificates-of-deposit	2,000,000	N/A	2,000,000	-
Olema general obligation bond	15,882	A+	-	15,882
Total	\$ <u>4,040,062</u>		<u>4,024,180</u>	<u>15,882</u>

**(3) Note Receivable – Property Tax from State**

Under the provisions of the State of California Proposition 1A and as part of the 2010 fiscal year State of California budget package passed by the California State Legislature on July 28, 2009 the State of California borrowed 8.0% of the amount of property tax revenue apportioned to cities, counties and special districts. The State of California is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California State Legislature may consider only one additional borrowing within a ten-year period. The amount of the borrowing pertaining to the District was \$6,760 and accrued interest of \$1,079 for a total of \$7,839 as of June 30, 2012. The borrowing by the State of California was recognized as a note receivable in the accompanying financial statements.

**(4) Note Receivable – Black Point Golf Links**

This District has entered into a contractual agreement with the Black Point Golf Links whereby the golf course agreed to reimburse the District for construction cost incurred for a new recycled water treatment plant, in-lieu of connection fees. The reimbursement is collected in bi-monthly installments through February 2024, including interest at a rate of 2.400%. As of June 30<sup>th</sup>, the amount receivable under the contract is as follows:

The balance at June 30, consists of the following:

	<u>2012</u>	<u>2011</u>
Note receivable – Black Point Golf Links – current portion	\$ 191,861	187,320
Note receivable – Black Point Golf Links	2,333,983	2,525,844
Note receivable – Black Point Golf Links	\$ <u>2,525,844</u>	<u>2,713,164</u>

**(5) Notes Receivable – Employee Computer Loans**

The District allows employees to purchase personal computers and to secure a loan from the District to pay for the purchase of the computer up to \$3,500 per person. These employee computer loans are repaid to the District over a period of up to 36 months through payroll deduction with interest rates applied that are based on the District's investment portfolio return rate at the origination of the loan plus one percent. As of June 30, 2012 and 2011 the District had various outstanding loans totaling \$6,143 and \$7,195, respectively.



**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(6) Pension Related Debt – CalPERS Side-Fund**

As of June 30, 2003, CalPERS implemented risk-pooling for the District’s agent multiple-employer public employee defined benefit pension plan. As a result, the District’s defined benefit pension plan with CalPERS converted from an agent multiple-employer plan to a cost sharing multiple-employer plan. This change in the type of the plan created the CalPERS Side-Fund, which CalPERS financed at a 7.75% interest rate (for fiscal year 2013 and beyond CalPERS reduced the rate to 7.50%). CalPERS actuarially calculated the amount needed to bring the District into the cost sharing multiple-employer plan on an equal basis with other governmental agencies that all had less than 100 active and retired employees combined. The reason that CalPERS switched these governmental agencies into the cost sharing multiple-employer plan was to smooth the annual costs related to the pension benefit over a longer period of time resulting in a lower cost of service to the governmental agencies.

A portion of the District’s annual required contribution to CalPERS are actuarially determined and shared by all governmental agencies within the cost sharing risk pool. Also, the District is required to make systematic pay-as-you-go payments to pay-down the CalPERS Side-Fund, as well. The responsibility for paying-down the District’s CalPERS Side-Fund is specific to the District and is not shared by all governmental agencies within the cost sharing risk pool. Therefore, the CalPERS Side-Fund falls under the definition of pension-related debt, as described in GASB Statement No. 27. The following provision and long-term debt has been recorded on the District’s financial statements as the District is making systematic pay-as-you-go payments to CalPERS each payroll period. The annual repayment schedule is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 67,809	158,292	226,101
2014	79,928	152,957	232,885
2015	93,166	146,706	239,872
2016	107,615	139,453	247,068
2017	123,371	131,109	254,480
2018-2022	906,764	484,839	1,391,603
2023-2025	842,924	96,187	939,111
Total	\$ 2,221,577	1,309,543	3,531,120
Less current portion	(67,809)		
Total non-current	\$ 2,153,768		

**(7) Notes Receivable – Employee Housing Assistance Loans**

The District’s Employer Assisted Housing Program (Program) allows up to \$300,000 to be loaned to an employee for a period of up to 15 years for the purchase of a home within the District’s service area. This will allow the employee to respond rapidly to customer calls or emergencies affecting the operation of the District. Repayment is due upon sale of the employee’s residence, termination of employment, or other events as described in the Program documents. Interest earned on the loan is contingent upon and directly proportional to the appreciation in value occurring on the purchased property. The balance of the outstanding loans is offset by an allowance representing the impairment in value due to the decline in market value of the homes financed since the loan inception date. The following is a listing of employee housing assistance loans and their corresponding origination dates as follows:

The balance at June 30, consists of the following:

<u>Origination</u>	<u>2012</u>	<u>2011</u>
August 2004	\$ 250,000	250,000
Sept. 2004	39,200	39,200
October 2006	300,000	300,000
Sept. 2007	140,000	140,000
Nov. 2007	150,000	150,000
July 2008	125,000	125,000
October 2008	192,585	192,585
June 2010	245,000	245,000
Sub-total	1,441,785	1,441,785
Allowance	(390,000)	-
Total	\$ 1,051,785	1,441,785

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(8) Internal Balances**

***Due To/From Other Funds***

Internal balances consist of the following as of June 30, 2012 as follows:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Advance	Novato Water	Novato Recycled	\$ 3,287,069

Internal balances consist of the following as of June 30, 2011 as follows:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Advance	Novato Water	West Marin	\$ 633,518
Advance	Novato Water	Novato Recycled	1,175,098
		Total	\$ 1,808,616

The Novato Water segment continues to advance the Novato Recycled segment funds for capital construction pending receipt of grant and loan funds. In 2012, the West Marin Water segment borrowed \$1.0 million from the Bank of Marin loan and repaid the Novato Water segment the balance owed. Interest accrues on the balance on a monthly basis as per District policy. (See the Supplementary Schedules on Pages 45 and 46 for further information)

**(9) Deferred Charges**

The balance at June 30, consists of the following:

	<u>2012</u>	<u>2011</u>
Bank of Marin loan issuance costs	\$ 91,941	-
Accumulated amortization	(3,065)	-
Total deferred charges, net	\$ 88,876	-

**(10) Capital Assets**

***Construction-In-Progress***

The District has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-progress balances at June 30 are as follows:

The balance at June 30, consists of the following projects:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Developer construction – Novato Water	\$ 1,065,958	881,226	842,504
Developer construction – Novato Recycled	-	-	-
Developer construction – West Marin Water	-	36,730	67,130
Developer construction – Oceana Marin Sewer	-	-	-
Other construction – Novato Water	297,002	2,379,878	1,840,102
Other construction – Novato Recycled	12,814	1,187,912	8,117,923
Other construction – West Marin Water	27,581	135,371	258,069
Other construction – Oceana Marin Sewer	-	26,360	85,054
Total construction-in-process per year	\$ 1,403,355	4,647,477	11,210,782



**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(10) Capital Assets, continued**

Changes in capital assets for the year were as follows:

	<u>Balance 2011</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2012</u>
Non-depreciable assets:				
Land and land rights	\$ 1,473,091	-	-	1,473,091
Construction-in-process	<u>4,647,477</u>	<u>9,180,508</u>	<u>(2,617,203)</u>	<u>11,210,782</u>
Total non-depreciable assets	<u>6,120,568</u>	<u>9,180,508</u>	<u>(2,617,203)</u>	<u>12,683,873</u>
Depreciable assets:				
Distribution system	58,045,785	1,549,146	-	59,594,931
Treatment plant	22,162,002	-	-	22,162,002
Storage facilities	17,074,400	1,035,217	-	18,109,617
Transmission system	5,489,830	-	-	5,489,830
Source facilities	5,027,082	-	-	5,027,082
Sewer facilities	853,683	-	-	853,683
Structures and improvements	1,778,388	5,316	-	1,783,704
Other plant and equipment	<u>3,017,492</u>	<u>222,807</u>	<u>(95,583)</u>	<u>3,144,716</u>
Total depreciable assets	<u>113,448,662</u>	<u>2,812,486</u>	<u>(95,583)</u>	<u>116,165,565</u>
Accumulated depreciation:				
Distribution system	(19,933,831)	(1,175,614)	-	(21,109,445)
Treatment plant	(4,268,485)	(684,884)	-	(4,953,369)
Storage facilities	(4,233,100)	(363,433)	-	(4,596,533)
Transmission system	(3,080,746)	(87,287)	-	(3,168,033)
Source facilities	(1,460,756)	(89,324)	-	(1,550,080)
Sewer facilities	(395,603)	(28,565)	-	(424,168)
Structures and improvements	(1,026,860)	(34,344)	-	(1,061,204)
Other plant and equipment	<u>(2,116,017)</u>	<u>(263,147)</u>	<u>95,583</u>	<u>(2,283,581)</u>
Total accumulated depreciation	<u>(36,515,398)</u>	<u>(2,726,598)</u>	<u>95,583</u>	<u>(39,146,413)</u>
Total depreciable assets, net	<u>76,933,264</u>	<u>85,888</u>	<u>-</u>	<u>77,019,152</u>
Total capital assets, net	<u>\$ 83,053,832</u>	<u>9,266,396</u>	<u>(2,617,203)</u>	<u>89,703,025</u>

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(10) Capital Assets, continued**

Changes in capital assets for 2011 were as follows:

	<u>Balance 2010</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2011</u>
Non-depreciable assets:				
Land and land rights	\$ 1,473,091	-	-	1,473,091
Construction-in-process	<u>1,403,355</u>	<u>4,158,992</u>	<u>(914,870)</u>	<u>4,647,477</u>
Total non-depreciable assets	<u>2,876,446</u>	<u>4,158,992</u>	<u>(914,870)</u>	<u>6,120,568</u>
Depreciable assets:				
Distribution system	56,696,191	1,349,594	-	58,045,785
Treatment plant	22,162,002	-	-	22,162,002
Storage facilities	17,045,704	28,696	-	17,074,400
Transmission system	5,489,830	-	-	5,489,830
Source facilities	5,027,082	-	-	5,027,082
Sewer facilities	853,683	-	-	853,683
Structures and improvements	1,778,388	-	-	1,778,388
Other plant and equipment	<u>2,970,363</u>	<u>137,912</u>	<u>(90,783)</u>	<u>3,017,492</u>
Total depreciable assets	<u>112,023,243</u>	<u>1,516,202</u>	<u>(90,783)</u>	<u>113,448,662</u>
Accumulated depreciation:				
Distribution system	(18,787,146)	(1,146,685)	-	(19,933,831)
Treatment plant	(3,583,566)	(684,919)	-	(4,268,485)
Storage facilities	(3,891,642)	(341,458)	-	(4,233,100)
Transmission system	(2,976,648)	(104,098)	-	(3,080,746)
Source facilities	(1,371,052)	(89,704)	-	(1,460,756)
Sewer facilities	(367,037)	(28,566)	-	(395,603)
Structures and improvements	(992,634)	(34,226)	-	(1,026,860)
Other plant and equipment	<u>(1,976,038)</u>	<u>(230,762)</u>	<u>90,783</u>	<u>(2,116,017)</u>
Total accumulated depreciation	<u>(33,945,763)</u>	<u>(2,660,418)</u>	<u>90,783</u>	<u>(36,515,398)</u>
Total depreciable assets, net	<u>78,077,480</u>	<u>(1,144,216)</u>	-	<u>76,933,264</u>
Total capital assets, net	<u>\$ 80,953,926</u>	<u>3,014,776</u>	<u>(914,870)</u>	<u>83,053,832</u>

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(11) Accrued Claims Payable**

The District self-insured its workers' compensation obligation from July 1, 2004 through June 30, 2008. The District established a risk financing internal service fund where assets are set aside for claim settlements associated with the risk of loss up to certain limits for workers' compensation claims. The District has engaged an outside claims administrator for claims adjustments. The District carried a workers' compensation excess insurance policy for claims that exceed \$750,000. An accrued claims payable balance of \$14,400 remained as of June 30, 2012. In fiscal year 2009, 2010 and 2011, the District purchased insurance to cover its workers' compensation obligation for these claims.

As of July 1, 2011, the District re-commenced self-insuring its workers' compensation obligation and established a risk financing internal service fund where assets are set aside for claim settlements associated with the risk of loss up to certain limits for workers' compensation claims.

Settled claims have not exceeded the accrued coverage amounts in any of the last three fiscal years. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The accrued claims payable balance includes an amount for claims that have been incurred but not reported (IBNR).

	<b>2012</b>	<b>2011</b>
The balance at June 30, consists of the following:		
Accrued claims payable, beginning of year	\$ 14,400	14,400
Claims recognized	40,433	-
Claims settled	(9,726)	-
Claims adjustments	(23,324)	-
Accrued claims payable, end of year	\$ 21,783	14,400

**(12) Compensated Absences**

Compensated absences comprise unpaid vacation and sick leave which is accrued as earned.

Changes to compensated absences for 2012, were as follows:

Balance 2011	Earned	Taken	Balance 2012	Current Portion	Long-term Portion
\$ 497,952	910,498	(832,587)	575,863	143,966	431,897

Changes to compensated absences for 2011, were as follows:

Balance 2010	Earned	Taken	Balance 2011	Current Portion	Long-term Portion
\$ 433,221	842,623	(777,892)	497,952	124,488	373,464

**(13) Post Employment Benefits Payable**

During the fiscal year ended June 30, 2009, the District implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for post employment benefits. Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The new reporting requirements for these benefit programs as they pertain to the District are set forth below.

***Post Employment Benefits – Eligibility***

The District pays a portion of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the District.

**North Marin Water District**  
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**For the Years Ended June 30, 2012 and 2011**

**(13) Post Employment Benefits Payable, continued**

***Post Employment Benefits – Eligibility, continued***

Members in the post employment benefit plan consisted of the following members as of June 30:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Active plan members	53	52	56
Retirees and beneficiaries receiving benefits	32	33	32
Separated plan members entitled to but not yet receiving benefits	<u>3</u>	<u>2</u>	<u>2</u>
Total plan membership	<u><u>88</u></u>	<u><u>87</u></u>	<u><u>90</u></u>

***Post Employment Benefits – Benefits Offered***

The District offers post employment medical benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any medical plan available through the District's CalPERS medical coverage, a cost-sharing multiple-employer medical coverage plan. The contribution requirements of eligible retired employees and the District are established and may be amended by the Board of Directors.

***Funding Policy***

The District's *Annual Required Contribution (ARC)* is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 5.9% of the annual covered payroll.

The District funds the benefits on a pay-as-you-go basis and maintains reserves (and records a liability) for the difference between pay-as-you-go and the actuarially determined ARC cost.

***Annual Cost***

For the years ended June 30, 2012 and 2011, the District's annual ARC cost after adjustments was \$244,822 and \$246,391, respectively. The District's net other post employment benefits payable obligation amounted to \$474,733 and \$390,636 for the years ended June 30, 2012 and 2011, respectively. The District contributed \$160,725 and \$147,084 in age adjusted contributions for current retiree OPEB premiums for the years ended June 30, 2012 and 2011, respectively.

The balance at June 30, consists of the following:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 250,776	250,776	250,776
Interest on net OPEB obligation	19,532	14,566	9,069
Adjustment to annual required contribution	<u>(25,486)</u>	<u>(18,951)</u>	<u>(11,800)</u>
Total annual OPEB expense	244,822	246,391	248,045
Change in net OPEB payable obligation:			
Age adjusted contributions made	<u>(160,725)</u>	<u>(147,084)</u>	<u>(138,105)</u>
Total change in net OPEB payable obligation	84,097	99,307	109,940
OPEB payable – beginning of year	<u>390,636</u>	<u>291,329</u>	<u>181,389</u>
OPEB payable – end of year	<u><u>\$ 474,733</u></u>	<u><u>390,636</u></u>	<u><u>291,329</u></u>

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(11) Other Post Employment Benefits Payable, continued**

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed, and the net OPEB obligation for fiscal year 2012 and the two preceding years were as follows:

<i>Three-Year History of Net OPEB Obligation</i>					
<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Age Adjusted Contribution</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation Payable</b>	
2012	\$ 244,822	160,725	65.65%	\$ 474,733	
2011	246,391	147,084	59.70%	390,636	
2010	248,045	138,105	55.68%	291,329	

The most recent valuation (dated July 1, 2009) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$3,470,834. There are no Plan Assets because the District funds on a pay-as-you-go basis and maintains net assets equal to the remaining net other post employment benefits payable obligation. The Board of Directors of the District has designated \$3,065,753 and \$1,017,333, as of June 30, 2012 and 2011, respectively, of net assets to reserve for the actuarial accrued liability. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2009 was \$4,418,559. The ratio of the unfunded actuarial accrued liability to annual covered payroll was 78.55%.

**Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	July 1, 2009
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Remaining amortization period	20 Years as of the valuation date
Asset valuation method	30 Year smoothed market
Actuarial assumptions:	
Investment rate of return	5.00% – Projected at July 1, 2009
Projected salary increase	3.00%
Inflation - discount rate	5.00%
Individual salary growth	District annual COLA

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(14) Long-term Debt**

Changes in long-term debt amounts for 2012 were as follows:

	<u>Balance 2011</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2012</u>	<u>Current Portion</u>
Long-term debt:					
Bonds payable:					
1973 General obligation bonds – PR-3	\$ 27,000	-	(13,000)	14,000	14,000
1975 General obligation bonds – OL-2	14,587	-	(3,384)	11,203	3,553
1980 Revenue bonds – PRE-1	101,000	-	(9,000)	92,000	10,000
1981 Revenue bonds – PR-6	108,000	-	(16,000)	92,000	8,000
Total bonds payable	<u>250,587</u>	<u>-</u>	<u>(41,384)</u>	<u>209,203</u>	<u>35,553</u>
Loans payable:					
1977 U.S. EDA loan – Novato Water	106,544	-	(12,926)	93,618	13,743
1977 U.S. EDA loan – West Marin	15,163	-	(1,921)	13,242	2,041
2005 DWR loan – Novato Water	15,206,512	-	(685,108)	14,521,404	348,707
2005 SWRCB loan – Novato Recycled	3,596,736	-	(187,045)	3,409,691	191,534
2011 SWRCB loan – Novato Recycled	335,811	5,277,764	-	5,613,575	-
2011 B of M loan – Novato Water	-	7,000,000	(188,026)	6,811,974	253,043
2011 B of M loan – West Marin	-	1,000,000	-	1,000,000	37,144
Total loans payable	<u>19,260,766</u>	<u>13,277,764</u>	<u>(1,075,026)</u>	<u>31,463,504</u>	<u>846,212</u>
Total long-term debt	<u>\$ 19,511,353</u>	<u>13,277,764</u>	<u>(1,116,410)</u>	<u>31,672,707</u>	<u>881,765</u>

Changes in long-term debt amounts for 2011 were as follows:

	<u>Balance 2010</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2011</u>	<u>Current Portion</u>
Long-term debt:					
Bonds payable:					
1973 General obligation bonds – PR-3	\$ 40,000	-	(13,000)	27,000	13,000
1975 General obligation bonds – OL-2	17,809	-	(3,222)	14,587	3,384
1980 Revenue bonds – PRE-1	110,000	-	(9,000)	101,000	9,000
1981 Revenue bonds – PR-6	115,000	-	(7,000)	108,000	8,000
Total bonds payable	<u>282,809</u>	<u>-</u>	<u>(32,222)</u>	<u>250,587</u>	<u>33,384</u>
Loans payable:					
1977 U.S. EDA loan – Novato Water	119,008	-	(12,464)	106,544	12,926
1977 U.S. EDA loan – West Marin	17,014	-	(1,851)	15,163	1,921
2005 DWR loan – Novato Water	15,875,535	-	(669,023)	15,206,512	340,715
2005 DWR loan – Novato Recycled	3,779,398	-	(182,662)	3,596,736	187,045
2011 SWRCB loan – Novato Recycled	-	335,811	-	335,811	-
Total loans payable	<u>19,790,955</u>	<u>335,811</u>	<u>(866,000)</u>	<u>19,260,766</u>	<u>542,607</u>
Total long-term debt	<u>\$ 20,073,764</u>	<u>335,811</u>	<u>(898,222)</u>	<u>19,511,353</u>	<u>575,991</u>

**Bonds Payable**

**1973 General Obligation Bonds – Issue PR-3**

On September 5, 1973, the District issued general obligation bonds totaling \$250,000 to acquire and improve the Inverness Park and Point Reyes Water Companies. The bond issuance was purchased in its entirety by the U.S. Department of Agriculture, Farmers Home Administration Rural Development Administration on a 5%, 40-year payback basis.

The bonds are scheduled to mature in 2013. Principal and interest are payable annually on January 1<sup>st</sup> and at a rate of 5.000%. Future annual debt service requirements on the bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ <u>14,000</u>	<u>700</u>	<u>14,700</u>

**North Marin Water District**  
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**(14) Long-Term Debt, continued**

***Bonds Payable, continued***

***1975 General Obligation Bonds – Issue OL-2***

In 1975, the District issued general obligation bonds totaling \$70,000 to acquire and improve the Olema Water Company owned by W. Robert Phillips and others and to service that area. The bonds were purchased by the U.S. Department of Agriculture (USDA), then upon demand of the USDA the bonds were repurchased by the District's Novato Water segment on June 1, 1991. The interest rate paid to the Novato Water segment on the bonds was thereafter reset to the higher of the rate earned by the District's investments or the average rate of the Novato Water segment general obligation bond debt.

The bonds are scheduled to mature in 2015. Principal and interest are payable annually on January 1<sup>st</sup> and at a rate of 5.000%. Future annual debt service requirements on the bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 3,553	558	4,111
2014	3,731	382	4,113
2015	3,919	196	4,115
Total	\$ 11,203	<u>1,136</u>	<u>12,339</u>
Less current portion	<u>(3,553)</u>		
Total non-current	\$ <u>7,650</u>		

***1980 Revenue Bonds – Issue PRE-1***

On August 22, 1980, the District issued revenue bonds totaling \$240,000 for the system rehabilitation of the Paradise Ranch Estates (PRE) water distribution system.

The bonds are scheduled to mature in 2020. Principal is payable annually on April 1<sup>st</sup> and interest is payable semi-annually on October 1<sup>st</sup> and April 1<sup>st</sup> at a rate of 5.000%. Future annual debt service requirements on the bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 10,000	4,600	14,600
2014	10,000	4,100	14,100
2015	11,000	3,600	14,600
2016	11,000	3,050	14,050
2017	12,000	2,500	14,500
2018-2020	38,000	3,850	41,850
Total	\$ 92,000	<u>21,700</u>	<u>113,700</u>
Less current portion	<u>(10,000)</u>		
Total non-current	\$ <u>82,000</u>		

**North Marin Water District**  
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**(14) Long-Term Debt, continued**

***Bonds Payable, continued***

***1981 Revenue Bonds – Issue PR-6***

On August 28, 1981, the District issued revenue bonds totaling \$217,800 to finance the further work needed to rehabilitate the Point Reyes and Inverness Park water systems including the addition of a 300,000 gallon tank in Point Reyes Station and a 100,000 gallon tank in Inverness Park.

The bonds are scheduled to mature in 2022. Principal is payable annually on July 1<sup>st</sup> and interest is payable semi-annually on July 1<sup>st</sup> and January 1<sup>st</sup> at a rate of 5.000%. Future annual debt service requirements on the bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ -	2,400	2,400
2014	8,000	4,400	12,400
2015	9,000	3,975	12,975
2016	9,000	3,525	12,525
2017	10,000	3,050	13,050
2018-2022	<u>56,000</u>	<u>7,250</u>	<u>63,250</u>
Total	\$ 92,000	<u>24,600</u>	<u>116,600</u>
Less current portion	<u>(8,000)</u>		
Total non-current	\$ <u>84,000</u>		

***Loans Payable***

***1977 U.S. EDA Loan – Novato Water segment***

In August 1977, the District secured a loan with the U.S. Economic Development Administration (EDA) to assist in the funding emergency Novato Water system projects in response to a severe drought.

The loan is scheduled to mature in 2018. Principal and interest are payable annually on July 1<sup>st</sup> at a rate of 5.000%. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 13,743	4,681	18,424
2014	14,440	3,984	18,424
2015	15,162	3,262	18,424
2016	15,920	2,504	18,424
2017	16,716	1,708	18,424
2018	<u>17,637</u>	<u>787</u>	<u>18,424</u>
Total	\$ 93,618	<u>16,926</u>	<u>110,544</u>
Less current portion	<u>(13,743)</u>		
Total non-current	\$ <u>79,875</u>		



**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(14) Long-Term Debt, continued**

**Loans Payable**

**1977 U.S. EDA Loan – West Marin segment**

In August 1977, the District secured a loan with the U.S. Economic Development Administration (EDA) to assist in the funding emergency West Marin system projects, including temporary diversions from Bear Valley Creek and Lagunitas Creek, in response to a severe drought.

The loan is scheduled to mature in 2018. Principal and interest are payable annually on July 1<sup>st</sup> at a rate of 5.000%. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 2,041	662	2,703
2014	2,145	558	2,703
2015	2,252	451	2,703
2016	2,363	340	2,703
2017	2,483	220	2,703
2018	1,958	145	2,103
Total	\$ 13,242	<u>2,376</u>	<u>15,618</u>
Less current portion	<u>(2,041)</u>		
Total non-current	\$ <u>11,201</u>		

**2005 DWR Loan – Novato Water segment**

In 2005, the District entered into an agreement with the California Department of Water Resources (DWR) for a loan in an amount not-to-exceed \$16,528,850 with an interest rate of 2.39% per annum for the reconstruction of the Stafford Water Treatment Plant. Principal and interest payments on the loan are due each year on January 1<sup>st</sup> and July 1<sup>st</sup>.

The loan is scheduled to mature in fiscal year 2030. The loan will be repaid semi-annually over a 20-year period based on the repayment schedule below:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 348,707	173,530	522,237
2014	709,964	334,510	1,044,474
2015	727,034	317,441	1,044,475
2016	744,514	299,960	1,044,474
2017	762,413	282,062	1,044,475
2018-2022	4,095,998	1,126,374	5,222,372
2023-2027	4,612,650	609,722	5,222,372
2028-2030	2,520,124	91,062	2,611,186
Total	\$ 14,521,404	<u>3,234,661</u>	<u>17,756,065</u>
Less current portion	<u>(348,707)</u>		
Total non-current	\$ <u>14,172,697</u>		

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(14) Long-Term Debt, continued**

***Loans Payable, continued***

***2005 SWRCB Loan – Novato Recycled Water segment***

In 2005, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a loan in an amount of \$4,302,560 with an interest rate of 2.4% per annum for the construction of a recycled water facility.

The loan is scheduled to mature in 2027. Principal and interest are payable annually on June 19<sup>th</sup> at a rate of 2.4%. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 191,534	81,833	273,367
2014	196,131	77,236	273,367
2015	200,839	72,528	273,367
2016	205,658	67,709	273,367
2017	210,594	62,773	273,367
2018-2022	1,131,255	235,580	1,366,835
2023-2027	1,273,680	93,155	1,366,835
Total	\$ 3,409,691	690,814	4,100,505
Less current portion	(191,534)		
Total non-current	\$ 3,218,157		

***2011 DWR Loan – Novato Recycled Water segment – North and South Service Areas***

In fiscal year 2011, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a loan in an amount not-to-exceed \$4,364,335 with an interest rate of 2.60% per annum for the reconstruction of the recycled water expansion project – north service area. As of June 30, 2012, eligible costs for reimbursement were \$3,730,990 and accrued as a long-term debt liability on the financial statements.

In fiscal year 2012, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a loan in an amount not-to-exceed \$5,480,740 with an interest rate of 2.20% per annum for the reconstruction of the recycled water expansion project – south service area. As of June 30, 2012, eligible costs for reimbursement were \$1,882,585 and accrued as a long-term debt liability on the financial statements.

***2011 Bank of Marin Loan – Novato Water and West Marin Water segments***

In October 2011, the District entered into a loan agreement with the Bank of Marin for a 20-year \$8.0 million construction loan with an interest rate of 3.42% per annum. The loan is scheduled to mature in September of fiscal year 2033. A principal and interest payment of \$46,067 is payable monthly on the 27<sup>th</sup> day of each month. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 290,187	262,613	552,800
2014	300,267	252,533	552,800
2015	310,697	242,103	552,800
2016	321,490	231,310	552,800
2017	332,657	220,143	552,800
2018-2022	1,844,856	919,144	2,764,000
2023-2027	2,188,320	575,680	2,764,000
2028-2033	2,223,500	171,967	2,395,467
Total	\$ 7,811,974	2,875,493	10,687,467
Less current portion	(290,187)		
Total non-current	\$ 7,521,787		

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
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**(15) Net Assets**

Calculation of net assets per fund as of June 30, 2012, were as follows:

	<u>Novato Water</u>	<u>Novato Recycled</u>	<u>West Marin Water</u>	<u>Oceana Marin Sewer</u>	<u>Total</u>
Net investment in capital assets:					
Capital assets, not being depreciated	\$ 4,051,478	8,117,923	428,610	85,862	12,683,873
Depreciable capital assets, net	68,290,445	4,241,628	3,856,368	630,711	77,019,152
Capital project loan proceeds unused	3,067,228	-	784,932	-	3,852,160
Current:					
Bonds payable	-	-	(35,553)	-	(35,553)
Loans payable	(615,493)	(191,534)	(39,185)	-	(846,212)
Non-current:					
Bonds payable	-	-	(173,650)	-	(173,650)
Loans payable	(20,811,504)	(8,831,731)	(974,057)	-	(30,617,292)
Total net investment in capital assets	<u>53,982,154</u>	<u>3,336,286</u>	<u>3,847,465</u>	<u>716,573</u>	<u>61,882,478</u>
Restricted net assets:					
Connection fee reserve	757,461	-	-	49,957	807,418
Wohler pipeline reserve	398,721	-	-	-	398,721
Collector No. 6 reserve	1,729,274	-	-	-	1,729,274
Olema bond reserve	12,117	-	-	-	12,117
Cash reserve for debt service	-	-	47,964	-	47,964
Accrued interest for debt service	-	-	(2,439)	-	(2,439)
Total restricted net assets	<u>2,897,573</u>	<u>-</u>	<u>45,525</u>	<u>49,957</u>	<u>2,993,055</u>
Unrestricted net assets:					
Non-spendable net assets:					
Current:					
Materials and supplies inventory	612,966	-	-	-	612,966
Prepaid expenses and deposits	39,100	-	-	1,352	40,452
Non-current:					
Note receivable – Black Point Golf Links	-	2,333,983	-	-	2,333,983
Notes receivable – employee housing loans, net	1,051,785	-	-	-	1,051,785
Deferred charges, net	77,500	-	11,376	-	88,876
Total non-spendable net assets	<u>1,781,351</u>	<u>2,333,983</u>	<u>11,376</u>	<u>1,352</u>	<u>4,128,062</u>
Spendable net assets are designated as follows:					
Capital improvements reserve	-	-	-	-	-
Post employment benefits reserve	3,065,753	-	-	-	3,065,753
Operating reserve	4,062,707	(390,843)	47,103	273,075	3,992,042
Total spendable net assets	<u>7,128,460</u>	<u>(390,843)</u>	<u>47,103</u>	<u>273,075</u>	<u>7,057,795</u>
Total unrestricted net assets	<u>8,909,811</u>	<u>1,943,140</u>	<u>58,479</u>	<u>274,427</u>	<u>11,185,857</u>
Total net assets	<u>\$ 65,789,538</u>	<u>5,279,426</u>	<u>3,951,469</u>	<u>1,040,957</u>	<u>76,061,390</u>

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(15) Net Assets, continued**

Calculation of net assets per fund as of June 30, 2011, were as follows:

	<u>Novato Water</u>	<u>Novato Recycled</u>	<u>West Marin Water</u>	<u>Oceana Marin Sewer</u>	<u>Total</u>
Net investment in capital assets:					
Capital assets, not being depreciated	\$ 4,629,976	1,187,912	275,511	27,169	6,120,568
Depreciable capital assets, net	67,939,084	4,361,579	3,960,806	671,795	76,933,264
Current:					
Bonds payable	-	-	(33,384)	-	(33,384)
Loans payable	(353,617)	(187,045)	(1,945)	-	(542,607)
Non-current:					
Bonds payable	-	-	(217,203)	-	(217,203)
Loans payable	(14,959,438)	(3,745,502)	(13,219)	-	(18,718,159)
Total net investment in capital assets	<u>57,256,005</u>	<u>1,616,944</u>	<u>3,970,566</u>	<u>698,964</u>	<u>63,542,479</u>
Restricted net assets:					
Connection fee reserve	407,278	-	252,898	77,292	737,468
Wohler pipeline reserve	458,166	-	-	-	458,166
Collector No. 6 reserve	1,882,017	-	-	-	1,882,017
Olema bond reserve	15,882	-	-	-	15,882
Cash reserve for debt service	-	33,217	50,313	-	83,530
Accrued interest for debt service	-	-	(5,758)	-	(5,758)
Total restricted net assets	<u>2,763,343</u>	<u>33,217</u>	<u>297,453</u>	<u>77,292</u>	<u>3,171,305</u>
Unrestricted net assets:					
Non-spendable net assets:					
Current:					
Materials and supplies inventory	552,753	-	-	-	552,753
Prepaid expenses and deposits	26,703	-	-	1,466	28,169
Non-current:					
Note receivable – Black Point Golf Links	-	2,525,844	-	-	2,525,844
Notes receivable – employee housing loans	1,441,785	-	-	-	1,441,785
Total non-spendable net assets	<u>2,021,241</u>	<u>2,525,844</u>	<u>-</u>	<u>1,466</u>	<u>4,548,551</u>
Spendable net assets are designated as follows:					
Capital improvements reserve	930,472	-	-	-	930,472
Post employment benefits reserve	1,017,333	-	-	-	1,017,333
Operating reserve	714,260	(318,136)	(552,643)	239,835	83,316
Total spendable net assets	<u>2,662,065</u>	<u>(318,136)</u>	<u>(552,643)</u>	<u>239,835</u>	<u>2,031,121</u>
Total unrestricted net assets	<u>4,683,306</u>	<u>2,207,708</u>	<u>(552,643)</u>	<u>241,301</u>	<u>6,579,672</u>
Total net assets	<u>\$ 64,702,654</u>	<u>3,857,869</u>	<u>3,715,376</u>	<u>1,017,557</u>	<u>73,293,456</u>

**North Marin Water District  
Notes to the Basic Financial Statements  
For the Years Ended June 30, 2012 and 2011**

**(16) Deferred Compensation Savings Plan**

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust at June 30, 2012 and 2011 was \$3,406,553 and \$3,041,455, respectively.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net assets.

**(17) Defined Benefit Pension Plan**

***Plan Description***

The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and CalPERS. Copies of CalPERS annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA, 95814.

***Funding Policy***

The contribution rate for plan members in the CalPERS 2.5% at 55 Risk Pool Retirement Plan is 8% of their annual covered salary. The District makes these contributions required of District employees on their behalf and for their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension cost (APC) percentage of payroll for fiscal year 2012, 2011 and 2010 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS. For fiscal years 2012, 2011 and 2010, the District's annual contributions for the CalPERS plan were equal to the District's required and actual contributions for each fiscal year as follows:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>APC Percentage of Payroll</u>
2009-2010	\$ 1,035,867	100%	-	14.432%
2010-2011	913,677	100%	-	18.154%
2011-2012	1,031,112	100%	-	18.947%

**(18) Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance policies with a variety of coverage including a \$10.0 million excess general liability policy with a \$1.0 million self-insured retention limit, a \$53,505,000 property and equipment policy, a \$3.0 million public official's policy and a \$500,000 employee fidelity bond.

**North Marin Water District  
Notes to the Basic Financial Statements  
For the Years Ended June 30, 2012 and 2011**

**(19) Commitments and Contingencies**

***Wohler/Collector No. 6 Agreement***

The District is party to an agreement with the Sonoma County Water Agency (SCWA) that provides, among other matters, that the District is obligated to pay for a prorated share of certain Agency's costs to improve or expand the SCWA's water utility plant. The agreement expires on June 30, 2040 and is subject to renewal for 40-year terms. Under the agreement, the District is obligated to pay promptly all billings from the SCWA and may not withhold payment pending resolution of disputes, if any, which might exist between the District and SCWA. At June 30, 2012, the District's reserve balances for these obligations were \$398,721 (Wohler Pipeline) and \$1,729,274 (Collector #6).

***Novato Sanitary District***

The District has entered into a contract with the Novato Sanitary District (NSD) which requires NSD to supply secondary treated effluent of sufficient quantity to the District for the recycled water treatment operation. The District pays NSD \$20 per year for an annual lease of the site for the Deer Island recycled water treatment facility which is owned and operated by the District.

***Solar Power Services, Facilities and Site Agreement***

In February 2012, the District entered into a Solar Power Services Agreement to purchase all the solar power generated from the Solar Power Generating Facility constructed near the District's Stafford Treatment Plant facilities at a Take-or-Pay price of \$0.1700 per kilowatt hour escalating to \$0.2981 per kilowatt hour over a 20-year contract period. Also, in February 2012, the District executed a 20-year lease with the Solar Services company to construct the Solar Power Generating Facility on District land for a land lease of \$100 for the period (or \$5 per year).

***Construction Contracts***

The District has a variety of agreements with developers and private parties relating to the installation, improvement or modification of transmission facilities and distribution systems within its service area. The financing of such improvements is provided primarily from advances for construction and the districts capital replacement reserve. The District has committed to approximately \$4,032,852 of open construction contracts as of June 30, 2012. These include:

<u>Project Name</u>	<u>Total Approved Contract</u>	<u>Balance to Complete</u>
Recycled water expansion project	\$ 9,629,098	3,885,534
Marin-Sonoma Narrows aqueduct project	281,280	30,843
West Marin treatment plant solids handling	38,740	7,590
Point Reyes well no. 3 replacement	108,885	108,885
Total	<u>\$ 10,058,003</u>	<u>4,032,852</u>

***Grant Awards***

Grant funds received by the District are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

***Litigation***

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

**(20) Subsequent Event**

Events occurring after June 30, 2012 have been evaluated for possible adjustment to the financial statements or disclosure as of September 30, 2012, which is the date the financial statements were available to be issued.

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(21) Governmental Accounting Standards Board Statements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2012, that have effective dates that may impact future financial presentations.

***Governmental Accounting Standards Board Statement No. 60***

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This standard address how to account for and report service concession arrangements, a type of public-private or public-public partnership that state and local governments are increasingly entering into. This statement is effective for financial statements for periods beginning after December 15, 2011. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

***Governmental Accounting Standards Board Statement No. 61***

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity, Omnibus*. This standard is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and local Governments*. This statement is effective for financial statements for periods beginning after June 15, 2012. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

***Governmental Accounting Standards Board Statement No. 62***

In December 2010, The GASB issued Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements." This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented.

***Governmental Accounting Standards Board Statement No. 63***

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This statement is effective for financial statements for periods beginning after December 15, 2012. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.



**North Marin Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2012 and 2011**

**(21) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 65***

In March 2012, the GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

***Governmental Accounting Standards Board Statement No. 66***

In March 2012, the GASB issued Statement No. 66 – *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

***Governmental Accounting Standards Board Statement No. 68***

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.



# Required Supplementary Information

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**North Marin Water District**  
**Schedule of Funding Status – Other Post-Employment Benefits Obligation**  
**For the Years Ended June 30, 2012 and 2011**

***Funded Status and Funding Progress***

*Required Supplemental Information – Schedule of Funding Progress*

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2009	\$ -	3,470,834	3,470,834	0.00%	\$ 4,418,559	78.55%
7/1/2006	\$ -	2,637,574	2,637,574	0.00%	\$ 4,262,790	61.87%

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# Supplemental Information

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# Combining Schedules

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**North Marin Water District  
Combining Schedule of Net Assets  
For the Year Ended June 30, 2012**

<u>Assets</u>	<u>Novato Water</u>	<u>Novato Recycled</u>	<u>West Marin Water</u>	<u>Oceana Marin Sewer</u>	<u>Total</u>
Current assets:					
Cash and cash equivalents	\$ 3,149,581	-	-	291,415	3,440,996
Restricted – cash and cash equivalents	5,183,387	-	832,896	51,957	6,068,240
Accrued interest receivable	12,441	-	-	-	12,441
Accounts receivable – water and sewer sales	2,825,719	137,020	113,873	2,754	3,079,366
Accounts receivable – governmental agencies	564,454	-	-	-	564,454
Accounts receivable – other	28,063	-	627	58	28,748
Capital grants and loan proceeds receivable	-	4,194,515	-	-	4,194,515
Note receivable – property tax from state	-	-	3,795	4,044	7,839
Note receivable – Black Point Golf Links	-	191,861	-	-	191,861
Notes receivable – employee computer loans	6,143	-	-	-	6,143
Provision for pension related debt – current portion	67,809	-	-	-	67,809
Materials and supplies inventory	612,966	-	-	-	612,966
Prepaid expenses and deposits	39,100	-	-	1,352	40,452
Total current assets	<u>12,489,663</u>	<u>4,523,396</u>	<u>951,191</u>	<u>351,580</u>	<u>18,315,830</u>
Non-current assets:					
Restricted – investments	1,012,117	-	-	-	1,012,117
Internal balances	3,287,069	(3,287,069)	-	-	-
Note receivable – Black Point Golf Links	-	2,333,983	-	-	2,333,983
Notes receivable – employee housing loans, net	1,051,785	-	-	-	1,051,785
Provision for pension related debt	2,153,768	-	-	-	2,153,768
Deferred charges, net	77,500	-	11,376	-	88,876
Capital assets, not being depreciated	4,051,478	8,117,923	428,610	85,862	12,683,873
Depreciable capital assets, net	<u>68,290,445</u>	<u>4,241,628</u>	<u>3,856,368</u>	<u>630,711</u>	<u>77,019,152</u>
Total non-current assets	<u>79,924,162</u>	<u>11,406,465</u>	<u>4,296,354</u>	<u>716,573</u>	<u>96,343,554</u>
<b>Total assets</b>	<b>\$ <u>92,413,825</u></b>	<b><u>15,929,861</u></b>	<b><u>5,247,545</u></b>	<b><u>1,068,153</u></b>	<b><u>114,659,384</u></b>
<b><u>Liabilities and Net Assets</u></b>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 1,537,372	1,602,009	-	15,226	3,154,607
Accrued wages and related payables	131,921	9,152	28,713	9,699	179,485
Accrued claims payable	20,440	272	800	271	21,783
Customer advances and deposits	230,703	-	41,679	2,000	274,382
Accrued interest payable – long-term debt	4,681	15,737	2,439	-	22,857
Long-term liabilities – due within one year:					
Compensated absences	143,966	-	-	-	143,966
Bonds payable	-	-	35,553	-	35,553
Loans payable	615,493	191,534	39,185	-	846,212
Pension related debt	67,809	-	-	-	67,809
Total current liabilities	<u>2,752,385</u>	<u>1,818,704</u>	<u>148,369</u>	<u>27,196</u>	<u>4,746,654</u>
Non-current liabilities:					
Long-term liabilities – due in more than one year:					
Compensated absences	431,897	-	-	-	431,897
Other post-employment benefits payable	474,733	-	-	-	474,733
Bonds payable	-	-	173,650	-	173,650
Loans payable	20,811,504	8,831,731	974,057	-	30,617,292
Pension related debt	2,153,768	-	-	-	2,153,768
Total non-current liabilities	<u>23,871,902</u>	<u>8,831,731</u>	<u>1,147,707</u>	<u>-</u>	<u>33,851,340</u>
<b>Total liabilities</b>	<b><u>26,624,287</u></b>	<b><u>10,650,435</u></b>	<b><u>1,296,076</u></b>	<b><u>27,196</u></b>	<b><u>38,597,994</u></b>
Net assets:					
Net investment in capital assets	53,982,154	3,336,286	3,847,465	716,573	61,882,478
Restricted for capital projects and debt service	2,897,573	-	45,525	49,957	2,993,055
Unrestricted	<u>8,909,811</u>	<u>1,943,140</u>	<u>58,479</u>	<u>274,427</u>	<u>11,185,857</u>
<b>Total net assets</b>	<b><u>65,789,538</u></b>	<b><u>5,279,426</u></b>	<b><u>3,951,469</u></b>	<b><u>1,040,957</u></b>	<b><u>76,061,390</u></b>
<b>Total liabilities and net assets</b>	<b>\$ <u>92,413,825</u></b>	<b><u>15,929,861</u></b>	<b><u>5,247,545</u></b>	<b><u>1,068,153</u></b>	<b><u>114,659,384</u></b>

See accompanying notes to the basic financial statements



**North Marin Water District  
Combining Schedule of Net Assets  
For the Year Ended June 30, 2011**

<u>Assets</u>	<u>Novato Water</u>	<u>Novato Recycled</u>	<u>West Marin Water</u>	<u>Oceana Marin Sewer</u>	<u>Total</u>
<b>Current assets:</b>					
Cash and cash equivalents	\$ 678,119	-	-	237,151	915,270
Restricted – cash and cash equivalents	1,008,421	33,217	326,863	78,792	1,447,293
Accrued interest receivable	11,665	-	-	-	11,665
Accounts receivable – water and sewer sales	2,242,296	113,108	89,567	2,983	2,447,954
Accounts receivable – governmental agencies	95,253	-	-	-	95,253
Accounts receivable – other	43,315	-	6,426	4,633	54,374
Capital grants and loan proceeds receivable	-	556,534	-	-	556,534
Note receivable – property tax from state	-	-	3,726	3,971	7,697
Note receivable – Black Point Golf Links	-	187,320	-	-	187,320
Notes receivable – employee computer loans	7,195	-	-	-	7,195
Materials and supplies inventory	552,753	-	-	-	552,753
Prepaid expenses and deposits	26,703	-	-	1,466	28,169
Total current assets	<u>4,665,720</u>	<u>890,179</u>	<u>426,582</u>	<u>328,996</u>	<u>6,311,477</u>
<b>Non-current assets:</b>					
Investments	-	-	-	-	-
Restricted – investments	2,015,882	-	-	-	2,015,882
Internal balances	1,808,616	(1,175,098)	(633,518)	-	-
Note receivable – Black Point Golf Links	-	2,525,844	-	-	2,525,844
Notes receivable – employee housing loans	1,441,785	-	-	-	1,441,785
Capital assets, not being depreciated	4,629,976	1,187,912	275,511	27,169	6,120,568
Depreciable capital assets, net	67,939,084	4,361,579	3,960,806	671,795	76,933,264
Total non-current assets	<u>77,835,343</u>	<u>6,900,237</u>	<u>3,602,799</u>	<u>698,964</u>	<u>89,037,343</u>
<b>Total assets</b>	<u>\$ 82,501,063</u>	<u>7,790,416</u>	<u>4,029,381</u>	<u>1,027,960</u>	<u>95,348,820</u>
<b><u>Liabilities and Net Assets</u></b>					
<b>Current liabilities:</b>					
Accounts payable and accrued expenses	\$ 995,258	-	-	2,980	998,238
Accrued wages and related payables	320,821	-	18,844	5,923	345,588
Accrued claims payable	14,400	-	-	-	14,400
Customer advances and deposits	260,960	-	23,652	1,500	286,112
Accrued interest payable – long-term debt	5,327	-	5,758	-	11,085
Long-term liabilities – due within one year:					
Compensated absences	124,488	-	-	-	124,488
Bonds payable	-	-	33,384	-	33,384
Loans payable	353,617	187,045	1,945	-	542,607
Total current liabilities	<u>2,074,871</u>	<u>187,045</u>	<u>83,583</u>	<u>10,403</u>	<u>2,355,902</u>
<b>Non-current liabilities:</b>					
Long-term liabilities – due in more than one year:					
Compensated absences	373,464	-	-	-	373,464
Other post-employment benefits payable	390,636	-	-	-	390,636
Bonds payable	-	-	217,203	-	217,203
Loans payable	14,959,438	3,745,502	13,219	-	18,718,159
Total non-current liabilities	<u>15,723,538</u>	<u>3,745,502</u>	<u>230,422</u>	<u>-</u>	<u>19,699,462</u>
<b>Total liabilities</b>	<u>17,798,409</u>	<u>3,932,547</u>	<u>314,005</u>	<u>10,403</u>	<u>22,055,364</u>
<b>Net assets:</b>					
Net investment in capital assets	57,256,005	1,616,944	3,970,566	698,964	63,542,479
Restricted for capital projects and debt service	2,763,343	33,217	297,453	77,292	3,171,305
Unrestricted	4,683,306	2,207,708	(552,643)	241,301	6,579,672
<b>Total net assets</b>	<u>64,702,654</u>	<u>3,857,869</u>	<u>3,715,376</u>	<u>1,017,557</u>	<u>73,293,456</u>
<b>Total liabilities and net assets</b>	<u>\$ 82,501,063</u>	<u>7,790,416</u>	<u>4,029,381</u>	<u>1,027,960</u>	<u>95,348,820</u>

See accompanying notes to the basic financial statements

**North Marin Water District**  
**Combining Schedule of Revenues, Expenses and Changes in Net Assets**  
**For the Year Ended June 30, 2012**

	<u>Novato Water</u>	<u>Novato Recycled</u>	<u>West Marin Water</u>	<u>Oceana Marin Sewer</u>	<u>Total</u>
Operating revenues:					
Water consumption sales	\$ 11,419,959	218,588	518,218	-	12,156,765
Bi-monthly meter service charge	2,741,700	3,347	115,583	-	2,860,630
Sewer service charges	-	-	-	157,311	157,311
Water conservation	16,095	-	-	-	16,095
Other charges and services	240,459	402	4,071	-	244,932
<b>Total operating revenues</b>	<u>14,418,213</u>	<u>222,337</u>	<u>637,872</u>	<u>157,311</u>	<u>15,435,733</u>
Operating expenses:					
Source of supply	5,128,688	-	21,495	-	5,150,183
Pumping	284,766	1,083	18,226	-	304,075
Water facilities operations	633,521	45,440	29,609	-	708,570
Water treatment	1,564,461	71,500	111,205	-	1,747,166
Transmission and distribution	2,248,716	4,323	120,093	-	2,373,132
Sewage collection and treatment	-	-	-	112,801	112,801
Customer service	554,531	-	23,367	2,636	580,534
General and administrative	1,886,007	20,579	60,587	23,282	1,990,455
Improvement projects	3,383	-	-	-	3,383
Water conservation	270,328	-	2,008	-	272,336
<b>Total operating expenses</b>	<u>12,574,401</u>	<u>142,925</u>	<u>386,590</u>	<u>138,719</u>	<u>13,242,635</u>
Operating income before overhead absorption	1,843,812	79,412	251,282	18,592	2,193,098
Overhead absorption	625,664	1,237	3,642	1,230	631,773
Operating income before depreciation	2,469,476	80,649	254,924	19,822	2,824,871
Depreciation	(2,372,380)	(162,965)	(150,169)	(41,084)	(2,726,598)
<b>Operating income(loss)</b>	<u>97,096</u>	<u>(82,316)</u>	<u>104,755</u>	<u>(21,262)</u>	<u>98,273</u>
Non-operating revenues(expenses):					
Property tax revenue	-	-	58,293	43,266	101,559
Investment earnings	66,246	63,342	-	1,386	130,974
Rental revenue	65,282	-	3,424	500	69,206
Gain from dental liability reserve offset	174,119	-	-	-	174,119
Interest expense – long-term debt	(540,648)	(106,855)	(18,210)	-	(665,713)
Amortization of deferred charges	(3,065)	-	-	-	(3,065)
Allowance for impairment of employee housing loans	(390,000)	-	-	-	(390,000)
Wohler/Collector No. 6 project	-	-	-	-	-
Other non-operating revenues	59,968	-	723	195	60,886
Other non-operating expenses	(4,688)	(616)	(3,295)	(685)	(9,284)
<b>Total non-operating revenues, net</b>	<u>(572,786)</u>	<u>(44,129)</u>	<u>40,935</u>	<u>44,662</u>	<u>(531,318)</u>
<b>Net income(loss) before capital contributions</b>	<u>(475,690)</u>	<u>(126,445)</u>	<u>145,690</u>	<u>23,400</u>	<u>(433,045)</u>
Capital contributions:					
Developers and others	369,242	-	53,803	-	423,045
Contributed capital assets	224,252	-	-	-	224,252
Connection fees	969,080	-	36,600	-	1,005,680
Capital grants – federal	-	1,548,002	-	-	1,548,002
Capital grants – state and local	-	-	-	-	-
<b>Capital contributions</b>	<u>1,562,574</u>	<u>1,548,002</u>	<u>90,403</u>	<u>-</u>	<u>3,200,979</u>
<b>Change in net assets</b>	<u>1,086,884</u>	<u>1,421,557</u>	<u>236,093</u>	<u>23,400</u>	<u>2,767,934</u>
Net assets, beginning of year	64,702,654	3,857,869	3,715,376	1,017,557	73,293,456
Net assets, end of year	<u>\$ 65,789,538</u>	<u>5,279,426</u>	<u>3,951,469</u>	<u>1,040,957</u>	<u>76,061,390</u>

See accompanying notes to the basic financial statements

**North Marin Water District**  
**Combining Schedule of Revenues, Expenses and Changes in Net Assets**  
**For the Year Ended June 30, 2011**

	<u>Novato Water</u>	<u>Novato Recycled</u>	<u>West Marin Water</u>	<u>Oceana Marin Sewer</u>	<u>Total</u>
Operating revenues:					
Water consumption sales	\$ 10,649,051	196,183	489,494	-	11,334,728
Bi-monthly meter service charge	2,012,351	2,690	94,214	-	2,109,255
Sewer service charges	-	-	-	149,820	149,820
Water conservation	4,095	-	-	-	4,095
Other charges and services	195,355	290	3,469	-	199,114
<b>Total operating revenues</b>	<u>12,860,852</u>	<u>199,163</u>	<u>587,177</u>	<u>149,820</u>	<u>13,797,012</u>
Operating expenses:					
Source of supply	3,837,120	-	18,907	-	3,856,027
Pumping	268,370	-	31,092	-	299,462
Water facilities operations	575,595	27,183	45,965	-	648,743
Water treatment	1,814,045	85,549	112,531	-	2,012,125
Transmission and distribution	2,327,910	2,455	70,273	-	2,400,638
Sewage collection and treatment	-	-	-	103,054	103,054
Customer service	540,053	-	22,109	2,778	564,940
General and administrative	1,779,125	18,177	66,880	22,359	1,886,541
Improvement projects	152,779	-	8,201	-	160,980
Water conservation	382,901	-	5,267	-	388,168
<b>Total operating expenses</b>	<u>11,677,898</u>	<u>133,364</u>	<u>381,225</u>	<u>128,191</u>	<u>12,320,678</u>
Operating income before overhead absorption	1,182,954	65,799	205,952	21,629	1,476,334
Overhead absorption	442,066	-	-	-	442,066
Operating income before depreciation	1,625,020	65,799	205,952	21,629	1,918,400
Depreciation	(2,309,166)	(163,166)	(147,002)	(41,084)	(2,660,418)
<b>Operating income(loss)</b>	<u>(684,146)</u>	<u>(97,367)</u>	<u>58,950</u>	<u>(19,455)</u>	<u>(742,018)</u>
Non-operating revenues(expenses):					
Property tax revenue	-	-	55,776	40,992	96,768
Investment earnings	47,104	68,751	-	2,555	118,410
Rental revenue	63,934	-	3,628	500	68,062
Interest expense – long-term debt	(380,788)	(90,811)	(19,002)	-	(490,601)
Wohler/Collector No. 6 project	(224,890)	-	-	-	(224,890)
Other non-operating revenues	38,832	-	85	109	39,026
Other non-operating expenses	(3,186)	-	(17,387)	(765)	(21,338)
<b>Total non-operating revenues, net</b>	<u>(458,994)</u>	<u>(22,060)</u>	<u>23,100</u>	<u>43,391</u>	<u>(414,563)</u>
<b>Net income(loss) before capital contributions</b>	<u>(1,143,140)</u>	<u>(119,427)</u>	<u>82,050</u>	<u>23,936</u>	<u>(1,156,581)</u>
Capital contributions:					
Developers and others	581,243	-	36,730	-	617,973
Contributed capital assets	492,398	-	-	-	492,398
Connection fees	371,460	-	16,150	-	387,610
Capital grants – federal	-	220,724	-	-	220,724
Capital grants – state and local	13,582	53,188	-	-	66,770
<b>Capital contributions</b>	<u>1,458,683</u>	<u>273,912</u>	<u>52,880</u>	<u>-</u>	<u>1,785,475</u>
<b>Change in net assets</b>	<u>315,543</u>	<u>154,485</u>	<u>134,930</u>	<u>23,936</u>	<u>628,894</u>
Net assets, beginning of year	64,387,111	3,703,384	3,580,446	993,621	72,664,562
Net assets, end of year	\$ <u>64,702,654</u>	<u>3,857,869</u>	<u>3,715,376</u>	<u>1,017,557</u>	<u>73,293,456</u>

See accompanying notes to the basic financial statements

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# Statistical Information Section

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**North Marin Water District  
Statistical Section**

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

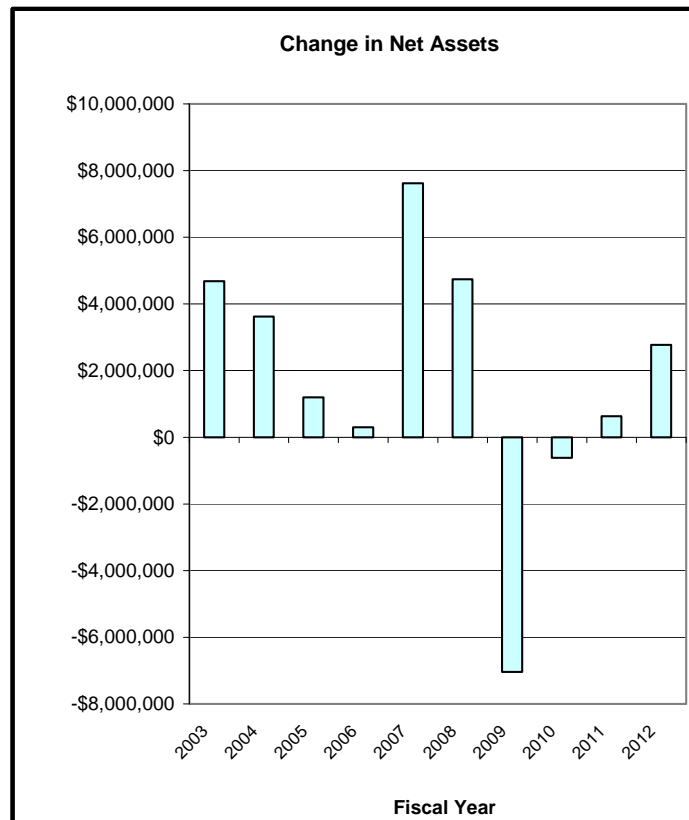
**Table of Contents**

	<b><u>Page No.</u></b>
Financial Trends These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	50-54
Revenue Capacity These schedules contain information to help the reader assess the District's most significant own-source revenue, water sales.	55-58
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	59-60
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District's financial activities take place.	61-62
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service the District provides.	63-64

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## North Marin Water District Changes in Net Assets and Net Assets by Component Last Ten Fiscal Years

	Fiscal Year		
	2003	2004	2005
Change in net assets:			
Operating revenues (see schedule 2)	\$7,729,657	\$8,545,299	\$9,545,264
Operating expenses (see schedule 3)	(7,695,931)	(8,599,620)	(9,055,754)
Depreciation and amortization	(825,144)	(996,414)	(1,004,844)
<b>Operating income(loss)</b>	<b>(\$791,418)</b>	<b>(\$1,050,735)</b>	<b>(\$515,334)</b>
Net non-op revenue(expense) (see schedule 4)	1,021,668	724,241	(389,534)
<b>Net income(loss) before capital contributions</b>	<b>\$230,250</b>	<b>(\$326,494)</b>	<b>(\$904,868)</b>
Capital contributions	4,454,904	3,951,431	2,099,524
<b>Change in net assets</b>	<b>\$4,685,154</b>	<b>\$3,624,937</b>	<b>\$1,194,656</b>
Net assets by component:			
Invested in capital assets, net of related debt	\$49,666,111	\$54,732,557	\$54,510,568
Restricted	6,147,924	15,275,334	6,721,908
Unrestricted	9,410,355	(1,158,564)	9,785,723
<b>Total net assets</b>	<b>\$65,224,390</b>	<b>\$68,849,327</b>	<b>\$71,018,199</b>



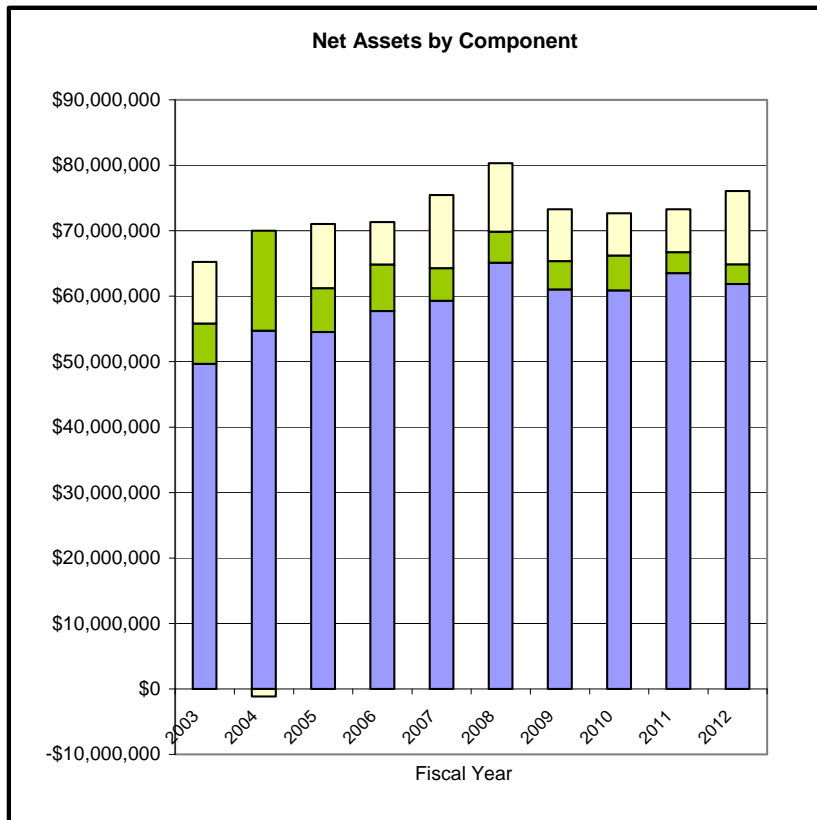
Source: North Marin Water District Audited Financial Statements



Schedule 1

Fiscal Year

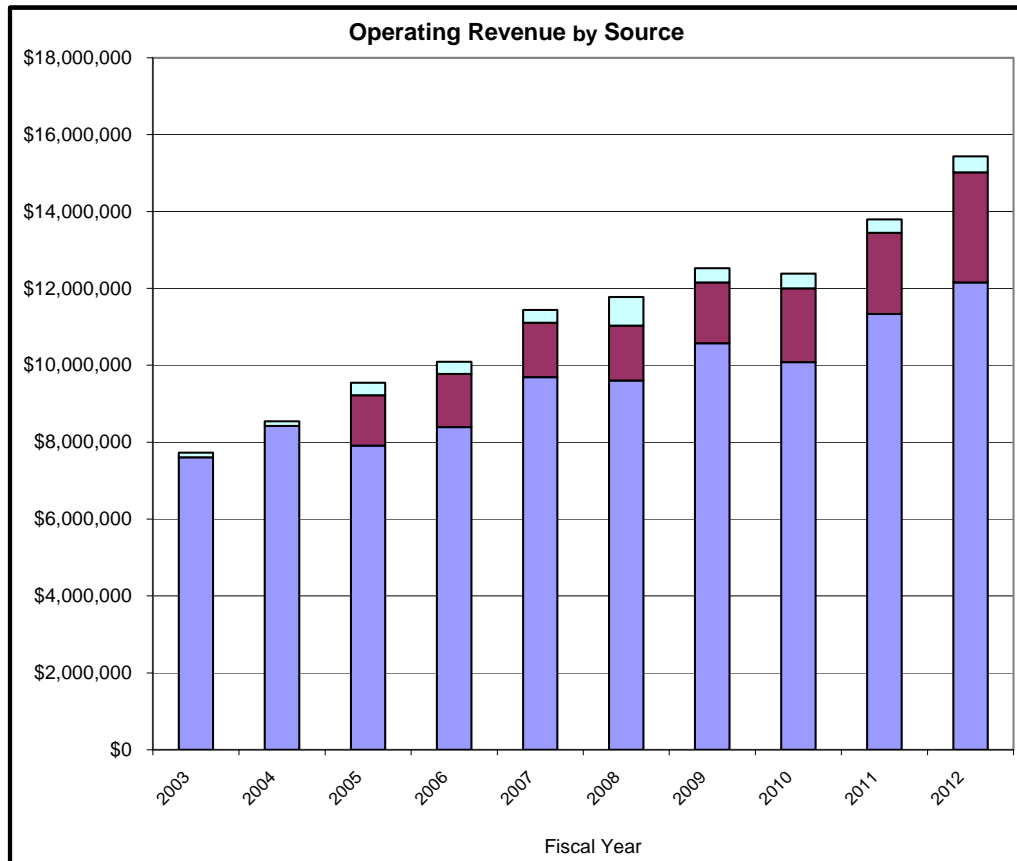
2006	2007	2008	2009	2010	2011	2012
\$10,089,848	\$11,848,037	\$11,779,157	\$12,526,294	\$12,381,493	\$13,797,012	\$15,435,733
(10,605,417)	(12,555,989)	(12,538,993)	(13,257,125)	(13,083,372)	(11,878,612)	(12,610,862)
(1,069,150)	(1,490,077)	(1,761,673)	(10,091,139)	(2,659,883)	(2,660,418)	(2,726,598)
(\$1,584,719)	(\$2,198,029)	(\$2,521,509)	(\$10,821,970)	(\$3,361,762)	(\$742,018)	\$98,273
(251,982)	1,178,739	197,211	8,954	(255,218)	(414,563)	(531,318)
(\$1,836,701)	(\$1,019,290)	(\$2,324,298)	(\$10,813,016)	(\$3,616,980)	(\$1,156,581)	(\$433,045)
2,133,298	8,639,031	7,061,891	3,776,402	2,998,366	1,785,475	3,200,979
\$296,597	\$7,619,741	\$4,737,593	(\$7,036,614)	(\$618,614)	\$628,894	\$2,767,934
\$57,718,713	\$59,290,284	\$65,099,863	\$61,057,551	\$60,880,162	\$63,542,479	\$61,882,478
7,130,109	4,994,444	4,743,194	4,304,331	5,321,639	3,171,305	2,993,055
6,465,974	11,179,233	10,476,733	7,921,294	6,462,761	6,579,672	11,185,857
\$71,314,796	\$75,463,961	\$80,319,790	\$73,283,176	\$72,664,562	\$73,293,456	\$76,061,390



**North Marin Water District  
Operating Revenue by Source  
Last Ten Fiscal Years**

**Schedule 2**

<b>Fiscal Year</b>	<b>Water Sales</b>	<b>Bi-Monthly Service Charges</b>	<b>Other Charges and Services</b>	<b>Total Operating Revenue</b>
2003	7,608,878	N/A	120,779	7,729,657
2004	8,420,132	N/A	125,167	8,545,299
2005	7,912,004	1,311,917	321,343	9,545,264
2006	8,396,113	1,374,630	319,105	10,089,848
2007	9,693,104	1,412,428	335,692	11,441,224
2008	9,607,490	1,424,628	747,039	11,779,157
2009	10,573,368	1,581,407	371,519	12,526,294
2010	10,086,100	1,913,170	382,223	12,381,493
2011	11,334,728	2,109,255	353,029	13,797,012
2012	12,156,765	2,860,630	418,338	15,435,733

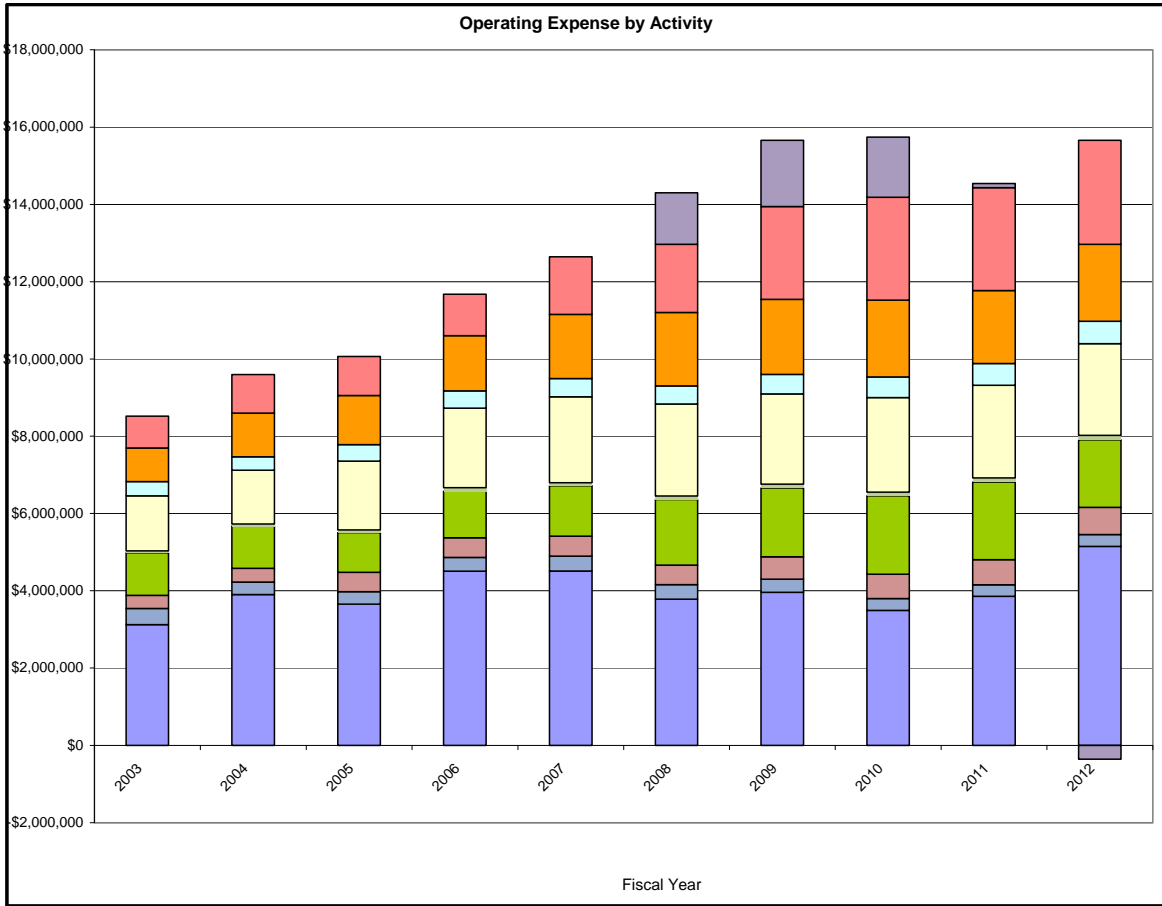


Source: North Marin Water District Audited Financial Statements

# North Marin Water District Operating Expenses by Activity Last Ten Fiscal Years

## Schedule 3

Fiscal Year	Source of Supply	Pumping	Operations	Water Treatment	Sewage Coll. & Treat.	Transmission & Distrib	Customer Service	General & Admin	Other Op Expense (2)	Deprec and Amortization	Total Op Expense
2003	3,122,041	422,584	336,696	1,100,737	54,303	1,423,429	365,446	870,695	-	825,144	8,521,075
2004	3,902,293	324,079	357,988	1,088,440	54,890	1,391,690	346,868	1,133,372	-	996,414	9,596,034
2005	3,654,013	324,111	500,523	1,028,268	68,113	1,783,140	425,700	1,271,886	-	1,004,844	10,060,598
2006	4,508,463	358,844	504,493	1,205,527	88,997	2,059,033	450,280	1,429,780	-	1,069,150	11,674,567
2007	4,513,365	381,723	518,996	1,303,084	78,331	2,222,327	474,082	1,663,330	-	1,490,077	12,645,315
2008	3,782,414	379,341	506,287	1,698,781	84,418	2,385,742	466,301	1,900,169	1,335,540	1,761,673	14,300,666
2009	3,960,788	339,236	578,868	1,781,516	98,715	2,335,067	505,218	1,943,522	1,714,195	2,400,106	15,657,231
2010	3,497,565	298,583	633,259	2,027,052	95,116	2,450,765	535,401	1,984,300	1,561,331	2,659,883	15,743,255
2011	3,856,027	299,462	648,743	2,012,125	103,054	2,400,638	564,940	1,886,541	107,082	2,660,418	14,539,030
2012	5,150,183	304,075	708,570	1,747,166	112,801	2,373,132	580,534	1,990,455	(356,054)	2,690,535	15,301,397



Source: North Marin Water District Audited Financial Statements

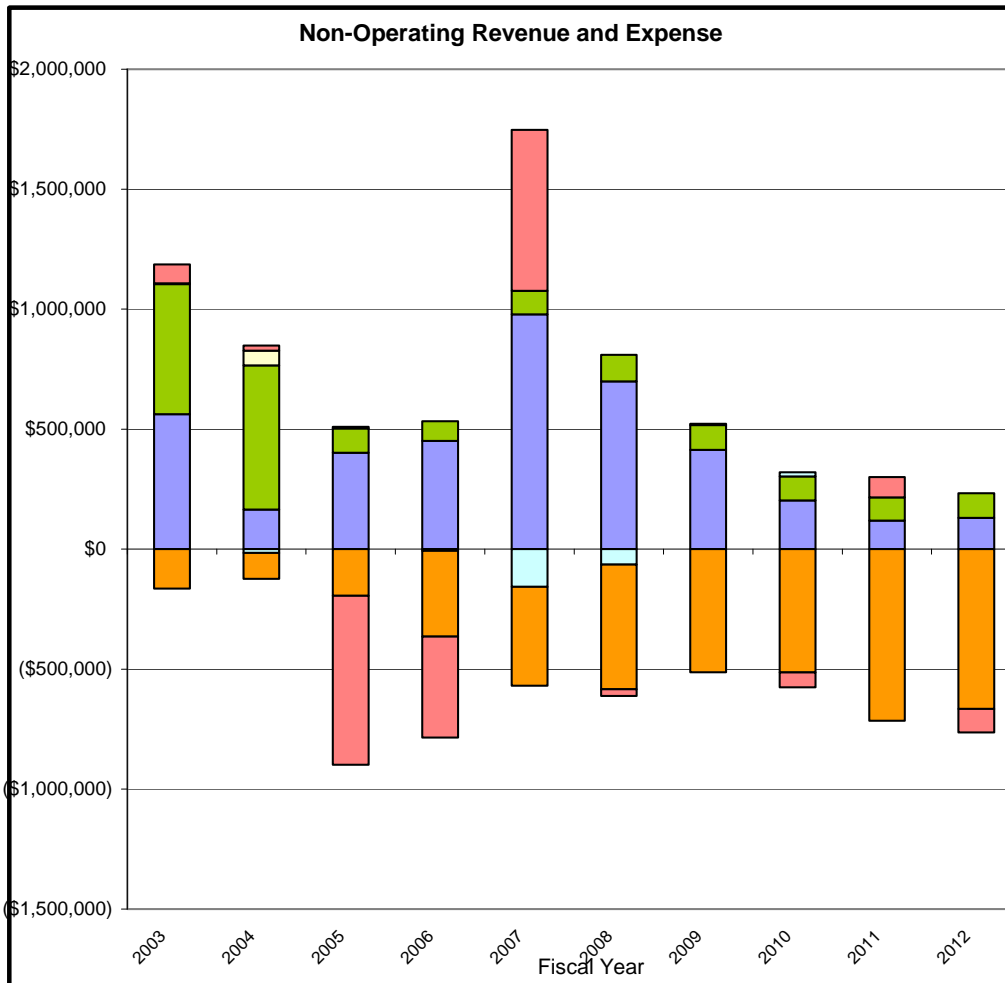
(1) FY09 Excludes \$7,691,033 depreciation due to change in asset lives

(2) Reduced by overhead absorption

**North Marin Water District  
Non-operating Revenues and Expenses  
Last Ten Fiscal Years**

**Schedule 4**

Fiscal Year	Investment Income <sup>(1)</sup>	Property Taxes	Grant Revenue	Gain/(Loss) on Asset Sales	Interest Expense	Other Inc & Exp, net	Net Non-Op Rev/(Exp)
2003	562,005	542,631	-	3,635	(164,798)	78,195	1,021,668
2004	164,878	600,979	61,000	(15,799)	(107,839)	21,022	724,241
2005	402,249	100,708	-	6,015	(194,860)	(703,646)	(389,534)
2006	450,799	82,137	-	(7,178)	(357,793)	(419,947)	(251,982)
2007	978,923	97,919	-	(157,126)	(411,543)	670,566	1,178,739
2008	699,107	110,129	-	(64,347)	(519,484)	(28,194)	197,211
2009	413,681	103,630	-	-	(513,314)	4,957	8,954
2010	202,459	100,220	-	17,796	(513,763)	(61,930)	(255,218)
2011	118,410	96,768	-	-	(715,491)	85,750	(414,563)
2012	130,974	101,559	-	-	(665,713)	(98,138)	(531,318)



**Notes:**

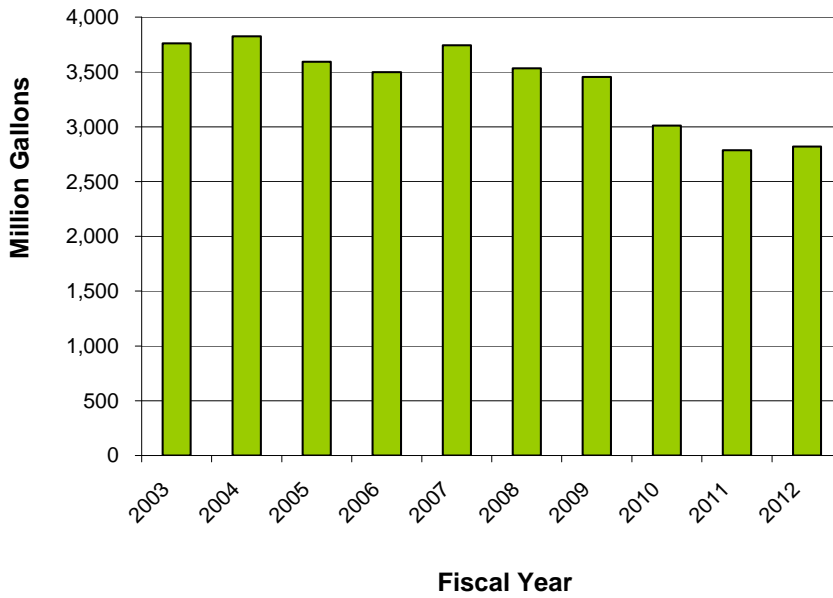
(1) Includes interest income and realized and unrealized gains and losses on investments.

**Source:** North Marin Water District Audited Financial Statements

**North Marin Water District  
Revenue Base  
Last Ten Fiscal Years**

**Schedule 5**

<u>Fiscal Year</u>	<b>Water Consumption (Million Gallons)</b>
2003	3,761
2004	3,824
2005	3,593
2006	3,498
2007	3,743
2008	3,533
2009	3,454
2010	3,011
2011	2,786
2012	2,820



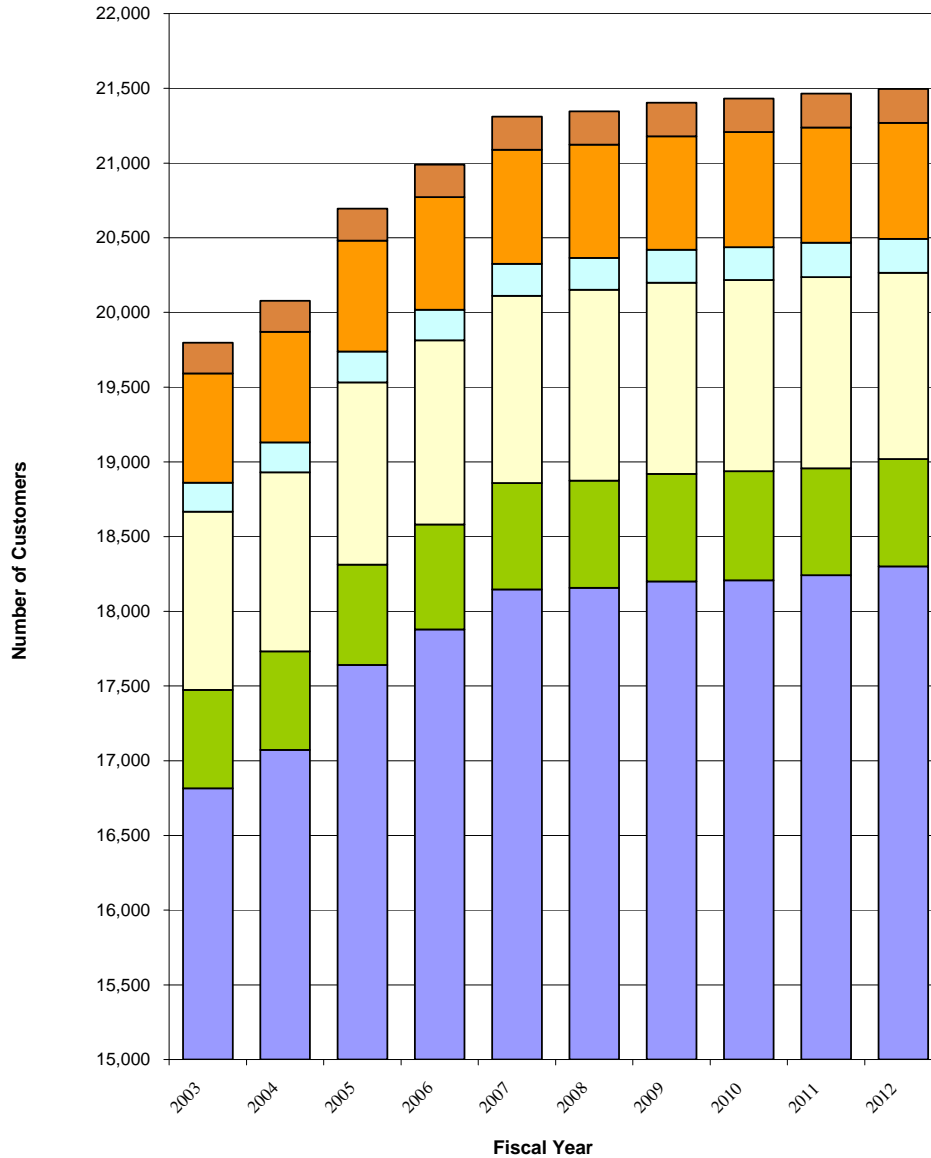
**Note:** See Schedule 2 "Revenue by Source" for information regarding water sales.

**Source:** Novato Water District Billing System

# North Marin Water District Customers by Type Last Ten Fiscal Years

Schedule 6

Fiscal Year	Customer Type						Total
	Single-Family Residential	Multi-Family Residential	Commerical/ Business	Government	West Marin Water	Oceana Marin Sewer	
2003	16,815	659	1,193	194	731	205	19,797
2004	17,072	660	1,198	200	740	209	20,079
2005	17,641	672	1,219	207	741	215	20,695
2006	17,879	702	1,232	205	755	216	20,989
2007	18,146	712	1,253	214	765	220	21,310
2008	18,157	717	1,278	214	758	223	21,347
2009	18,200	720	1,280	219	760	225	21,404
2010	18,208	730	1,280	220	769	225	21,432
2011	18,242	715	1,280	230	770	227	21,464
2012	18,300	720	1,246	226	777	227	21,496



Source: North Marin Water District - Finance Department

**North Marin Water District  
Revenue Rates  
Last Ten Fiscal Years**

**Schedule 7**

**Bimonthly Service Charge**

Meter Size	6/30/03	6/30/04	6/30/05	6/30/06	6/30/07	6/30/08	6/30/09	6/30/10	6/30/11	6/30/12
5/8" & 3/4"	\$9.00	\$9.00	\$10.00	\$10.00	\$10.00	\$10.00	\$13.20	\$14.40	\$20.00	\$25.00
1"	\$18.00	\$18.00	\$20.00	\$20.00	\$20.00	\$20.00	\$26.40	\$28.80	\$40.00	\$50.00
1 1/2"	\$22.00	\$22.00	\$24.00	\$24.00	\$24.00	\$24.00	\$32.40	\$35.30	\$49.00	\$61.00
2"	\$34.00	\$34.00	\$38.00	\$38.00	\$38.00	\$38.00	\$50.40	\$54.95	\$76.00	\$95.00
3"	\$68.00	\$68.00	\$75.00	\$75.00	\$75.00	\$75.00	\$99.60	\$108.55	\$151.00	\$189.00
4"	\$112.00	\$112.00	\$120.00	\$120.00	\$120.00	\$120.00	\$159.60	\$173.95	\$242.00	\$303.00
6"	\$226.00	\$226.00	\$251.00	\$251.00	\$251.00	\$251.00	\$334.80	\$364.95	\$507.00	\$634.00
8"	\$338.00	\$338.00	\$375.00	\$375.00	\$375.00	\$375.00	\$499.20	\$544.15	\$756.00	\$945.00

**Water Use Rate (per 1,000 Gallons)**

User Type	6/30/03	6/30/04	6/30/05	6/30/06	6/30/07	6/30/08	6/30/09	6/30/10	6/30/11	6/30/12
<u>Residential</u>										
Zone A Base Rate <sup>(1)</sup>	\$1.58	\$1.64	\$2.01	\$2.21	\$2.27	\$2.27	\$3.02	\$3.29	\$3.49	\$3.73
Tier 1: 616-1845 gpd	N/A	N/A	N/A	N/A	\$3.61	\$3.61	\$4.81	\$5.24	\$5.55	\$5.94
Tier 2: >1845 gpd	N/A	\$5.66	\$6.02	\$6.22	\$6.28	\$6.28	\$8.36	\$9.11	\$9.66	\$10.34
<u>Non-Residential</u>										
Zone A Base Rate <sup>(1)</sup>	\$1.58	\$1.64	\$2.01	\$2.21	\$2.41	\$2.61	\$3.48	\$3.62	\$3.84	\$4.11

**Notes:**

(1) Rates shown exclude additional elevation rate applicable to customers in upper elevation zones  
N/A - Rate class was not established during the period

**Source:** North Marin Water District Board of Directors approved rate ordinances and resolutions

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**North Marin Water District  
Ten Largest Water Customers by Revenue  
Current Fiscal Year and Ten Years Ago<sup>(1)</sup>**

**Schedule 8**

	<u>FY 2011/12</u>	<u>% of Total</u>	<u>FY 2001/02</u>	<u>% of Total</u>
1	City of Novato	2.0%	City of Novato	1.6%
2	Novato Unified School District	1.6%	Novato Unified School District	1.6%
3	Stone Tree Golf Course	1.4%	Stone Tree Golf Course	1.4%
4	Biomarin Pharmaceutical	0.7%	Fireman's Fund	0.9%
5	Coast Guard Spanish Housom	0.7%	Indian Valley Golf Course	0.5%
6	Fireman's Fund	0.7%	Marin Valley Mobile Country Club	0.5%
7	Meadow Park HOA	0.6%	Marion Park Apartments	0.5%
8	Bay Vista Apartments	0.6%	Vintage Oak Shopping Ctr	0.4%
9	Indian Valley Golf Course	0.5%	Western Oaks Village	0.4%
10	Marion Park Apartments	0.5%	Seascape Village HOA	0.4%
		<u>9.3%</u>		<u>8.1%</u>
	Total Water Service Revenue	\$14,770,000		\$6,870,000

Source : NMWD Billing System

Source: NMWD CORE billing system (t:\acexcel\wtr use\top revenue 2002\_2012.xlsx)top 10

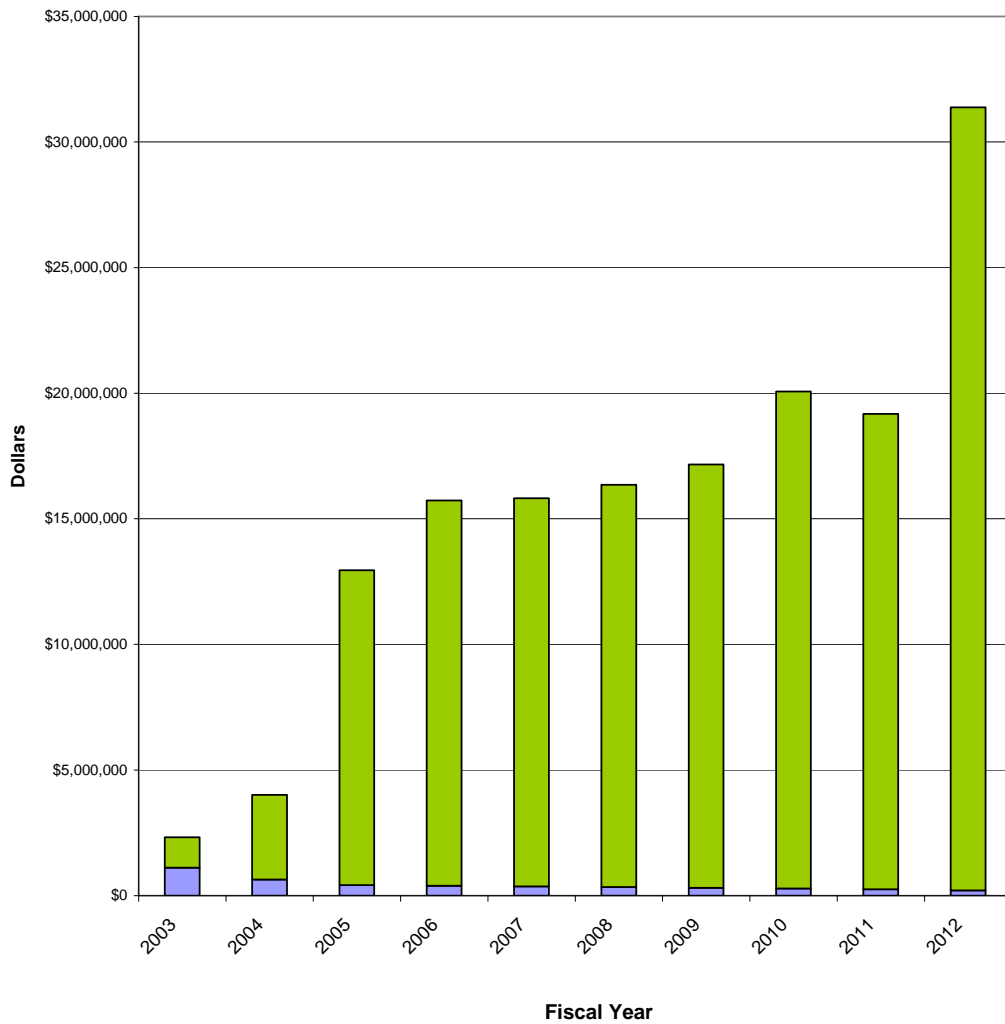
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## North Marin Water District Ratio of Outstanding Debt by Type Last Ten Fiscal Years

Schedule 9

Fiscal Year	Bonds Payable	Loans Payable	Total		
			Debt	Per Capita	As a Share of Personal Income
2003	1,117,461	1,211,225	2,328,686	41.58	0.06%
2004	645,172	3,360,808	4,005,980	70.28	0.10%
2005	421,768	12,527,765	12,949,533	219.48	0.28%
2006	396,243	15,338,404	15,734,647	262.24	0.31%
2007	363,593	15,458,618	15,822,211	259.38	0.29%
2008	335,801	16,020,049	16,355,850	268.13	0.30%
2009	312,878	16,856,896	17,169,774	281.47	0.33%
2010	282,809	19,790,955	20,073,764	329.08	0.36%
2011	250,587	18,924,944	19,175,531	314.35	0.33%
2012	209,203	31,173,317	31,382,520	514.47	0.55%



Source: North Marin Water District Audited Financial Statements

N/A - Data not available

**North Marin Water District  
Pledged-Revenue Coverage  
Last Ten Fiscal Years**

**Schedule 10**

Fiscal Year	Revenues <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Available Revenues	Debt Service			Coverage Ratio
				Principal <sup>(3)</sup>	Interest	Total	
2003	14,447,286	(8,769,666)	5,677,620	492,059	164,435	656,494	8.65
2004	14,882,477	(10,138,573)	4,743,904	776,157	197,588	973,745	4.87
2005	12,915,014	(10,520,105)	2,394,909	399,142	295,881	695,023	3.45
2006	13,493,285	(11,769,614)	1,723,671	210,070	465,060	675,130	2.55
2007	22,670,973	(13,149,592)	9,521,381	226,423	413,111	639,534	14.89
2008	19,760,967	(12,627,537)	7,133,430	171,909	519,485	691,394	10.32
2009	16,962,380	(13,257,125)	3,705,255	319,248	513,314	832,562	4.45
2010	15,548,029	(13,083,372)	2,464,657	1,064,677	511,849	1,576,526	1.56
2011	15,617,259	(11,878,612)	3,738,647	1,123,113	490,601	1,613,714	2.32
2012	17,437,042	(12,610,862)	4,826,180	1,108,247	644,968	1,753,215	2.75

**Notes:**

- (1) Revenues includes Connection Fee Revenue, Contributions in Aid, Interest Revenue, Rent & Lease Revenue, other non-operating revenue
- (2) Operating expenses exclude depreciation expense.
- (3) Includes only normal principal payments (does not include payments as a result of refinancing of debt)

**Source:** North Marin Water District Audited Financial Statements

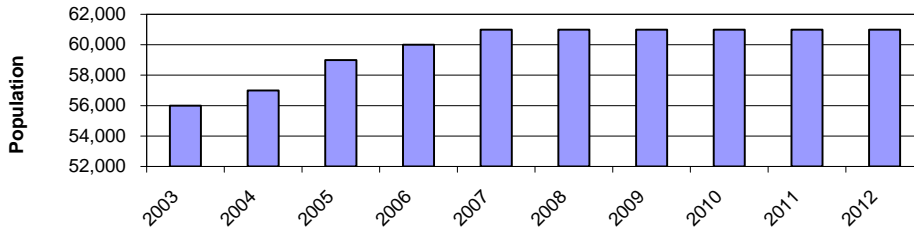
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# North Marin Water District Demographics and Economics Statistics Last Ten Fiscal Years

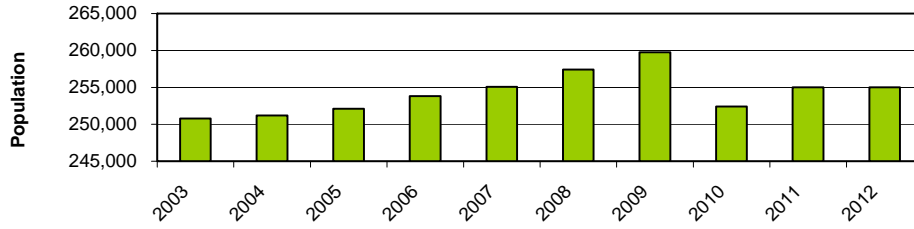
Schedule 11

Year	Novato <sup>(1)</sup>		County of Marin		
	Population	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2003	56,000	6.3%	250,804	16,340,714	65,153
2004	57,000	5.6%	251,202	18,114,794	72,112
2005	59,000	4.8%	252,116	19,763,926	78,392
2006	60,000	4.5%	253,818	21,800,000	85,888
2007	61,000	4.4%	255,080	22,600,000	88,600
2008	61,000	5.6%	257,406	23,200,000	90,130
2009	61,000	9.6%	259,772	22,400,000	86,229
2010	61,000	9.4%	252,409	22,800,000	90,330
2011	61,000	9.1%	255,015	24,300,000	95,289
2012	61,000	7.9%	255,031	23,920,000	93,793

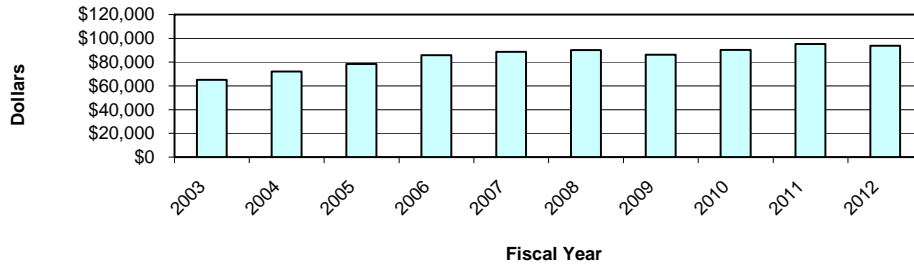
**Population - Novato**



**Population - Marin County**



**Personal Income per Capita - Marin County**



**Sources:** California Department of Finance, County of Marin, City of Novato, quickfacts.census.gov, Real Estate Center demographics, NMWD Annual Report population estimate, Google Public Data

**Notes:**

(1) District estimates (t:\ac\excel\annual report\population est.xls)

N/A - Information not available

**North Marin Water District**  
**Demographics and Economics Statistics – Ten Largest Employers**  
**Current Year** **Schedule 12**

FY 2011/2012				FY 2001/2002			
Employer	Number of Employees	Rank	Percent of Total Employment	Employer	Number of Employees	Rank	Percent of Total Employment
Novato Unified School District	1,281	1	5.50%	Fireman's Fund	2600	1	9.89%
BioMarin Pharmaceuticals	907	2	3.89%	Novato Unified School District	879	2	3.34%
Fireman's Fund	742	3	3.18%	Greenpoint Mortgage	620	3	2.36%
Cagwin & Dorward	396	4	1.70%	Marin Independent Journal	315	4	1.20%
2K/Visual Concepts Entertainme	340	5	1.46%	Novato Community Hospital	315	5	1.20%
Novato Community Hospital	291	6	1.25%	Costco Wholesale	250	6	0.95%
Target Store	291	7	1.25%	Travelsmith Clothing	250	7	0.95%
Costco Wholesale	273	8	1.17%	City of Novato	250	8	0.95%
Buck Institute	262	9	1.12%	Birkenstock	230	9	0.87%
Safeway Stores	249	10	1.07%	Brayton and Associates	230	10	0.87%
Brayton Purcell	235	11	1.01%	Target Store	219	11	0.83%
	5,267		22.61%		6,158		23.41%

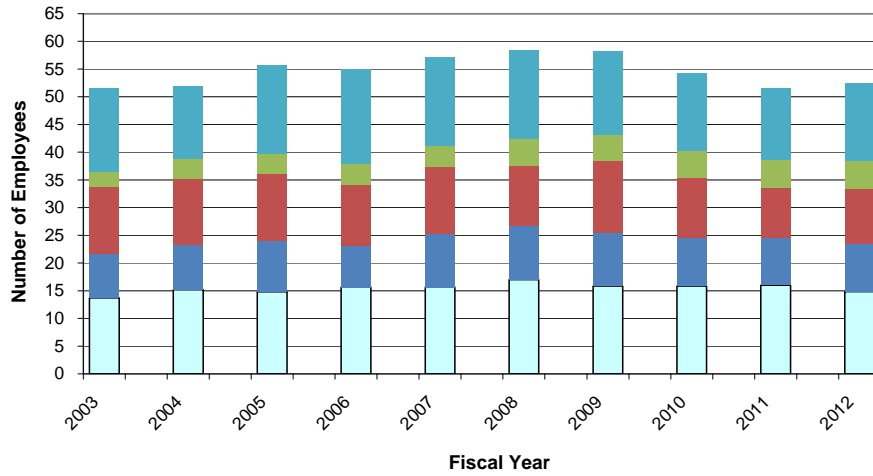
Source: City of Novato

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## North Marin Water District Operating and Capacity Indicators – Total Employees Last Ten Fiscal Years

Schedule 13

Department	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administrative Services	14	15	15	16	16	17	16	16	16	15
Engineering Services	8	8	9	8	10	10	10	9	9	9
Construction / Maintenance	12	12	12	11	12	11	13	11	9	10
Water Quality	3	4	4	4	4	5	5	5	5	5
Operations / Maintenance	15	13	16	17	16	16	15	14	13	14
	<u>52</u>	<u>52</u>	<u>56</u>	<u>55</u>	<u>57</u>	<u>58</u>	<u>58</u>	<u>54</u>	<u>52</u>	<u>53</u>



Source: North Marin Water District Overheaded Payroll Worksheets for Pay Periods Ending June 30  
Note: Excludes temporary employees

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**North Marin Water District  
Other Operating and Capacity Indicators  
Last Ten Fiscal Years**

**Schedule 14**

<b>Other Operating and Capacity Indicators</b>				
<b>Fiscal Year</b>	<b>District Area (Square Miles)</b>	<b>Miles of Pipeline</b>	<b>Number of Fire Hydrants</b>	<b>System Storage Capacity (MG)</b>
2002	100	304	2,408	30
2003	100	307	2,459	34
2004	100	310	2,501	34
2005	100	321	2,568	34
2006	100	324	2,670	34
2007	100	337	2,713	35
2008	100	341	2,749	35
2009	100	343	2,762	38
2010	100	345	2,773	38
2011	100	346	2,785	38
2012	100	348	2,785	38

**Source:** North Marin Water District - Engineering Department

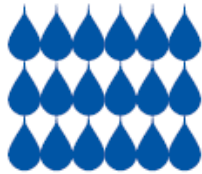
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# Report on Internal Controls and Compliance

DRAFT

DRAFT





Charles Z. Fedak, CPA, MBA  
Paul J. Kaymark, CPA  
Christopher J. Brown, CPA

# Charles Z. Fedak & Company

Certified Public Accountants  
An Accountancy Corporation

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(562) 598-6565  
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EMAIL [czfco@czfcpa.com](mailto:czfco@czfcpa.com)  
WEB [www.czfcpa.com](http://www.czfcpa.com)

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
North Marin Water District  
Novato, California

We have audited the basic financial statements of the North Marin Water District (District) as of and for the year ended June 30, 2012, and have issued our report thereon dated September 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### ***Internal Control Over Financial Reporting***

In planning and performing our audits, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

**Charles Z. Fedak & Company, CPA's – An Accountancy Corporation**  
Cypress, California  
September 30, 2012

382-7209

FAX: IJ - ~~803-5458~~

Pt Reyes Light: [editor@ptreyeslight.com](mailto:editor@ptreyeslight.com) (fax 663-8458)

West Marin Citizen: [editor@westmarincitizen.com](mailto:editor@westmarincitizen.com)

KWMR: [contact@kwmr.org](mailto:contact@kwmr.org)

[programming@kwmr.org](mailto:programming@kwmr.org)

October 8, 2012

Contact: Chris DeGabriele, General Manager, (415) 897-4133

**PUBLIC SERVICE ANNOUNCEMENT  
&  
PRESS RELEASE**

**North Marin Water District**

A Message from North Marin Water District:

One of the two NMWD Point Reyes water supply wells is failing. A replacement well is scheduled to be constructed beginning Monday, October 15<sup>th</sup>. While the replacement well is being drilled, the remaining well will be out of service to protect water quality. NMWD will make sure there is plenty of water in storage tanks to meet the community's needs, but there will be no well pumping from 9 a.m. on Monday, October 15<sup>th</sup> through 3 p.m. Tuesday, October 16<sup>th</sup>; and again beginning at 9 a.m. Monday, October 22<sup>th</sup> through 3 p.m. Wednesday, October 24, 2012.

NMWD requests West Marin customers in Point Reyes Station, Olema, Bear Valley, Inverness Park and Paradise Ranch Estates temporarily conserve water during the above noted periods after which time NMWD expects that normal water use can resume.

## Fact Sheet

### Point Reyes Well No. 3 Replacement Project

- NMWD wells adjacent to Lagunitas Creek provide Community water supply for the West Marin Service Area (Point Reyes Station, Olema, Bear Valley, Inverness Park & Paradise Ranch Estates).
- 2 active wells (No. 2 & No. 3) on U.S. Coast Guard property have been in service since the mid 1970's and were rehabilitated in the mid 1990's.
- Well No. 3 production has diminished due to failing well casing and screens impairing NMWD's ability to avoid salinity intrusion during high tide periods.
- NMWD will construct a replacement well in the vicinity of the existing wells to regain lost production capacity (see Aerial Location Map on the back).
- Environmental review (**Initial Study**) for the replacement well has been prepared and is **available** for public review at [www.nmwd.com](http://www.nmwd.com) and at the **NMWD Headquarters**.
- The U.S. Coast Guard issued a categorical exclusion determination in compliance with the National Environmental Policy Act on February 22, 2012.
- The NMWD Board of Directors held a **public hearing March 6, 2012** to receive public comment and adopted a Mitigated Negative Declaration for the project.
- NMWD received permits/approvals from CA Coastal Commission and County of Marin.
- The schedule to complete the project is October, 2012.

For more information contact:

Drew McIntyre, Chief Engineer  
Chris DeGabriele, General Manager  
Dennis Rodoni, Board Member

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DATE		BY		FOR	
REV.	DATE	BY	FOR	REV.	DATE

NORTH MARIN WATER DISTRICT  
 POINT REYES STATION  
 WELL LOCATIONS

PROJECT: LAGUNITAS CREEK  
 SHEET NO. 2000  
 DATE: 04/01



## **Officials urge water conservation in Point Reyes area during well replacement**

Posted:

marinij.com

---

Point reyes station

North Marin Water District officials are asking residents in the Point Reyes Station area to temporarily conserve water during two periods over the next couple weeks as they replace a well that is failing.

One of the two district water supply wells is failing, and officials said a replacement well is scheduled to be drilled beginning next week. While the replacement is being drilled, the remaining well will be out of service to protect water quality, officials said.

"NMWD will make sure there is plenty of water in storage tanks to meet the community's needs," but there will be no well pumping from 9 a.m. Monday till 3 p.m. Tuesday, and again beginning at 9 a.m. Oct. 22 till 3 p.m. Oct. 24.

"NMWD requests West Marin customers in Point Reyes Station, Olema, Bear Valley, Inverness Park and Paradise Ranch Estates temporarily conserve water during the above noted periods, after which time NMWD expects that normal water use can resume," the district reported in a statement.

Send us your news: We want more news items from Marin's cities and towns. Email them to our City Desk at [localnews@marinij.com](mailto:localnews@marinij.com), mail them to City Desk, Marin Independent Journal, 4000 Civic Center Drive, San Rafael, CA 94903, or fax them to 415-382-7209. For more information about towns in Marin, visit the IJ's website at [marinij.com](http://marinij.com).

## News briefs

Pt. Reyes Light

10/11/12

### North Marin to build new well

North Marin Water District announced it will be drilling a new well adjacent to Lagunitas Creek on the Coast Guard property, in Point Reyes Station, beginning Monday. The well will replace another whose production has diminished due to failing casings and screens, causing salinity intrusion during high tides; it is one of two that provide water to customers in Point Reyes Station, Olema, Bear Valley, Inverness Park and Paradise Ranch Estates. During construction the second well will be out of service, with no pumping taking place from 9 a.m. on Monday, October 15 to 3 p.m. on Tuesday, October 16 and again from 9 a.m. on Monday, October 22 until 3 p.m. on Wednesday, October 24. The district is urging consumers to be frugal in their water usage during these times. An environmental review and mitigated negative declaration for the construction project was completed earlier in the year and is available at nmwd.com. Construction is expected to be complete by the end of the month.

West Marin Citizen 10/11/12

## ***A message from NMWD***

One of the two North Marin Water District Point Reyes water supply wells is failing. A replacement well is scheduled to be constructed beginning Monday, October 15. While the replacement well is being drilled, the remaining well will be out of service to protect water quality. NMWD will make sure there is plenty of water in storage tanks to meet the community's needs, but there will be no well pumping from 9 a.m. on Monday, October 15 through 3 p.m. Tues-

day, October 16; and again beginning at 9 a.m. Monday, October 22 through 3 p.m. Wednesday, October 24, 2012.

NMWD requests West Marin customers in Point Reyes Station, Olema, Bear Valley, Inverness Park and Paradise Ranch Estates temporarily conserve water during the above noted periods after which time NMWD expects that normal water use can resume.

**MEMORANDUM**

To: Board of Directors  
From: Katie Young, Administrative Assistant  
Subj: Draft Annual Report

October 12, 2012

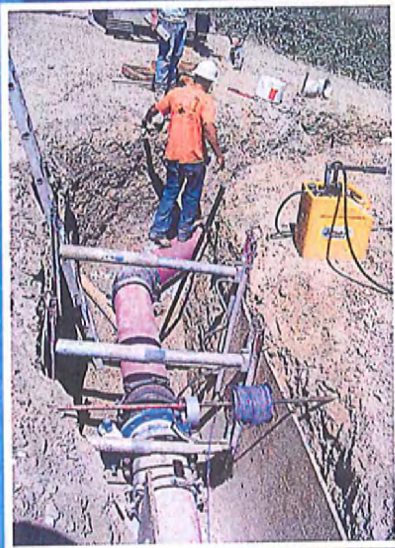
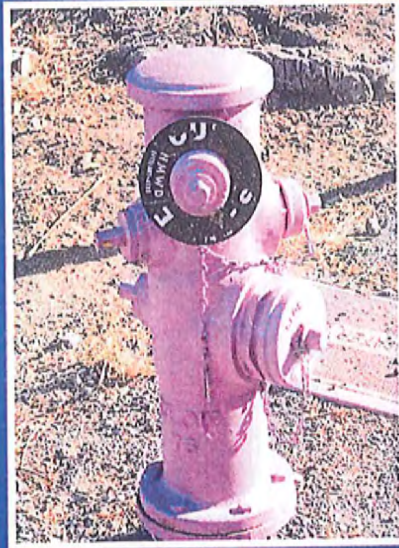
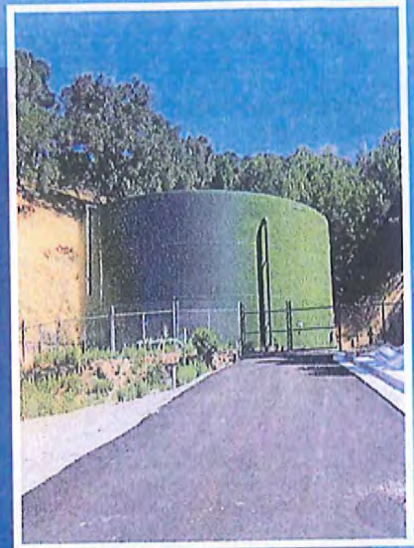
**RECOMMENDED ACTION: Information Only**

**FINANCIAL IMPACT: None at this time**

Attached is the Draft Annual Report for Fiscal Year 2011-2012 for your review. Please submit comments for incorporation into the fiscal report to me by Friday, October 19, 2012. After which comments will be incorporated or addressed with the Board, the General Manager will review and the finished product will be distributed at the November 6th Board meeting.





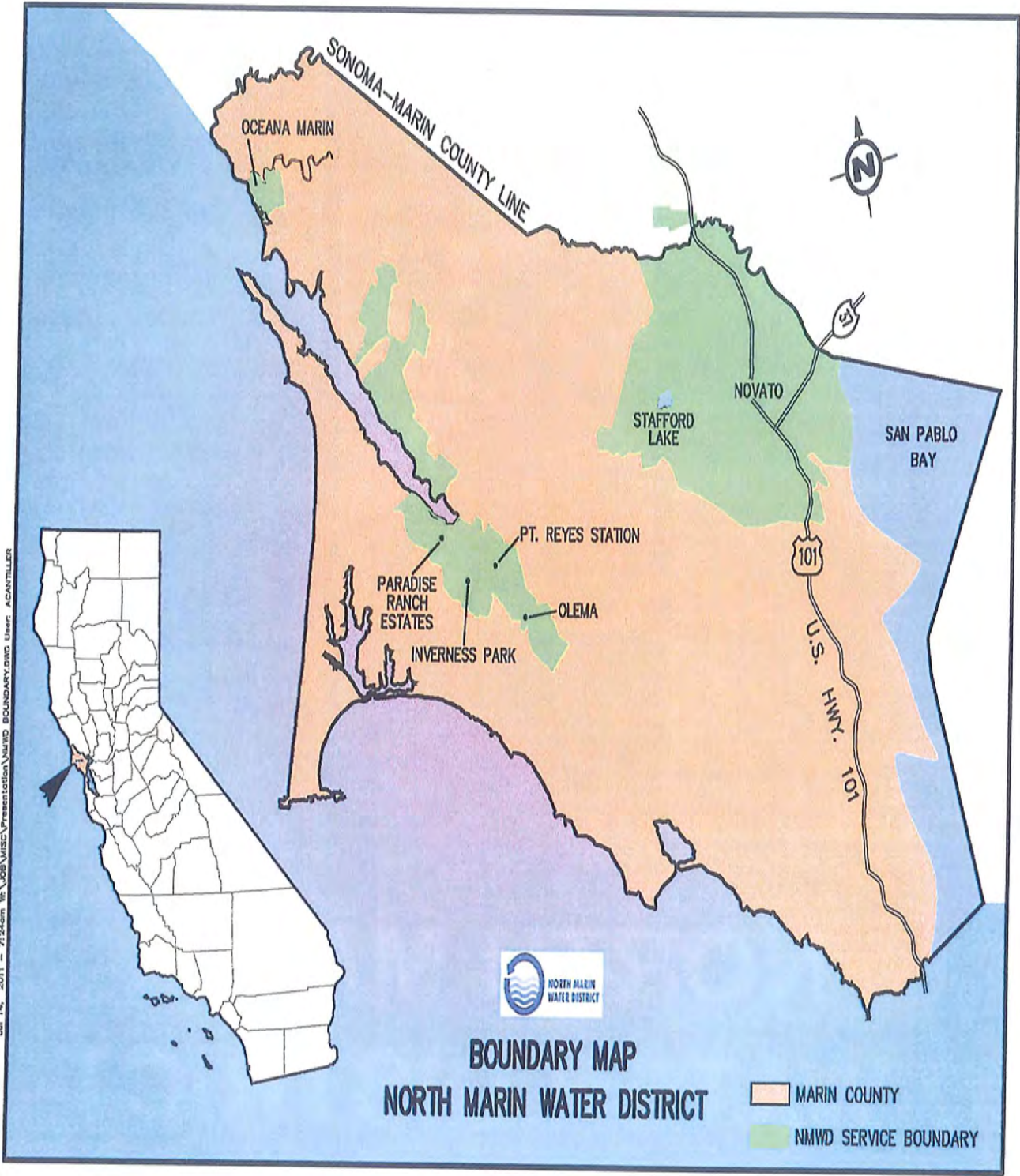


# NORTH MARIN WATER DISTRICT

Annual Report  
FY 2011-2012



Jul 14, 2011 - 7:24am W:\JOB\MISC\Presentation\Map\BOUNDARY.DWG User: ACANTILLER



### BOUNDARY MAP NORTH MARIN WATER DISTRICT

- MARIN COUNTY
- NMWD SERVICE BOUNDARY

# **NORTH MARIN WATER DISTRICT**

## **BOARD OF DIRECTORS**

Jack Baker, served since 1983  
Rick Fraites, served since 2003  
Steve Petterle, served since 2001  
Dennis Rodoni, served since 1995  
John Schoonover, served since 1984

## **OFFICERS**

Chris DeGabriele, General Manager, appointed 1995  
Renee Roberts, District Secretary, appointed 2005  
David L. Bentley, Auditor-Controller, appointed 1987  
Drew McIntyre, Chief Engineer, appointed 1998

## **DEPARTMENT MANAGERS**

Administration & Finance .....	David L. Bentley
Construction/Maintenance .....	Doug Moore
Engineering .....	Drew McIntyre
Operations/Maintenance .....	Robert Clark

## **MISSION STATEMENT**

We provide an adequate supply of safe, reliable and high quality water and deliver reliable and continuous sewer service to our customers at reasonable cost consistent with good conservation practices and minimum environmental impact.

## **BOARD MEETINGS**

Regular Board meetings are held on the first and third Tuesday of each month at 7:30 p.m. Meetings are normally held at North Marin Water District headquarters, 999 Rush Creek Place, Novato. For meeting agendas, contact the District Secretary at 415-897-4133 or visit the website at [www.nmwd.com](http://www.nmwd.com)

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(Front cover photo: Crest Tank #2)



## HISTORICAL HIGHLIGHTS

- 1948** The Novato community approves formation of the North Marin Water District and purchase of Novato Water Company.
- 1949** Novato voters impose a significant tax upon themselves (77¢/\$100 assessed value) to finance a \$2 million bond issue to purchase and upgrade the private water system and to construct a dam at Stafford Lake and build a water treatment plant.
- 1951** Contractor T.E. Connolly of San Francisco constructs Stafford Lake Dam, designed by Kennedy Engineers, to impound 560 million gallons (MG) of water.
- 1952** Stafford Water Treatment Plant, designed by Kennedy Engineers and built by C. Norman Peterson, goes into operation. It has a capacity of 3.75 million gallons per day (mgd).
- 1954** The spillway at Stafford Lake is raised to increase the reservoir capacity to 1.45 billion gallons, boosting the annual safe yield of Stafford Lake to 620MG.
- 1960** Voters approve a \$3.79 million bond issue to finance system improvements, most notably construction of an aqueduct connecting Novato to the Russian River.
- 1961** The North Marin Aqueduct, a 9.4-mile, 30" pipeline from southern Petaluma to Novato is constructed. The aqueduct is capable of supplying 6.5 mgd.
- 1963-66** Multiple water storage tanks are constructed, increasing storage from 2MG to 16MG.
- 1970s** Five small West Marin improvement districts are annexed into NMWD at the request of West Marin citizens: Oceana Marin Sewer in 1969; Point Reyes Station/Inverness Park Water in 1970; Olema Water in 1973; Tomales Sewer in 1975; and Paradise Ranch Estates Water in 1979.
- 1973-75** System storage capacity is increased to 26MG with construction of the Atherton (5MG welded steel) and Pacheco (5MG concrete) Tanks.
- 1974** Stafford Treatment Plant is modified to increase production capacity to 6.3 mgd.
- 1980s** North Marin assumes a leadership role in the water conservation field, pioneering programs such as connection fee discounts for installation of xeriscapes in new residential construction and "Cash-For-Grass" rebates for existing customers who replace irrigated turf with xerophytic plants.
- 1983** The US Army Corps of Engineers completes the construction of the Warm Springs Dam, creating a water supply pool in Lake Sonoma of 69 billion gallons.
- 1990s** Marin United Taxpayers twice touts NMWD as the Best Managed Public Agency in Marin County.
- 1998** The District celebrated 50 Golden Years of Quality, Excellent Service and Tradition.
- 2001** Marin Municipal Water District agrees to reorganize boundaries at Hamilton AFB to be coincident with Novato city limits, enabling NMWD to serve areas within Novato formerly served by MMWD.
- 2002** Amaroli Tank, a 4.5MG buried concrete tank adjacent to Highway 101 on Ammo Hill, is completed and increases total Novato area storage capacity to 33MG.
- 2003** Reconstruction of the Stafford Water Treatment Plant commences.
- 2005** A 180,000-gallon concrete storage tank is constructed in Point Reyes Station to replace a 36-year-old 100,000-gallon redwood tank serving the West Marin community.
- 2006** The Restructured Agreement for Water Supply with Sonoma County Water Agency (SCWA) is executed, authorizing SCWA to construct facilities to increase North Marin's water delivery entitlement to meet Novato's future needs consistent with the community general plan.
- 2006** The Stafford Water Treatment Plant \$16 million reconstruction project concludes, enabling Stafford Lake water to meet anticipated future water quality standards.
- 2006** A 150,000-gallon concrete storage tank is constructed on Sir Francis Drake Road, ½ mile east of Olema, to replace a 43-year-old 80,000-gallon bolted-steel tank.
- 2007** The 0.5 mgd Deer Island Recycled Water Facility, located adjacent to Highway 37 immediately south of Deer Island, commenced operation in June 2007 serving Stone Tree Golf Course.
- 2008** The 500,000-gallon Center Road Tank, constructed to mitigate fire-storage deficiencies in west Novato, is completed.
- 2009** Palmer Drive Tank is completed adding 3MG of first-zone storage in southern Novato, and increasing total Novato area storage capacity to 37MG.
- 2012** Construction of the recycled water distribution system continued. Utilizing federal grant and loan funds and working in conjunction with Novato & Las Gallinas Valley Sanitary Districts, the project will provide 130MG annually to large-landscape customers in north and south Novato.

For a narrative description of North Marin Water District history of formation and expansion in Novato and West Marin, please visit our website at [www.nmwd.com](http://www.nmwd.com) and click on Service Area.

## MESSAGE FROM THE GENERAL MANAGER ... *Chris DeGabriele*

The North Marin Water District (North Marin) carries out its Mission with a highly-motivated and competent staff empowered to conduct the District's business by placing customer needs and welfare first. Each day, District employees strive to carry out their work mindful of these basic principles: Good Water, Good Service, Good Value, and A Safe Place to Work. This annual report updates customers on the North Marin accomplishments in Fiscal Year 2012 and provides a snapshot of our current efforts and financial performance.

The Russian River water delivery system from Sonoma County Water Agency (SCWA) typically provides 80% of Novato's water supply, but continues to have limited capacity in summer months. Rainfall in FY 2012 totaled 17.15", well below the historical average. Ample water was available in the Russian River system for fish, agriculture and urban deliveries. North Marin's Stafford Lake water treatment plant was utilized to augment Russian River supplies with local water supply and the Deer Island Recycled Water Treatment Facility (a joint project between North Marin and Novato Sanitary District) delivered highly-treated recycled wastewater to irrigate Stone Tree Golf Course.

SCWA has abandoned its effort to construct previously contemplated necessary Russian River water production and delivery facilities (pumps and pipelines) to fulfill the new Restructured Agreement contract requirement for increased Russian River water. Competing environmental and fishery-related interests delayed the expanded Russian River water facility development. SCWA is now focused on completing the Biological Opinion for water supply in the Russian River watershed issued by the National Marine Fisheries Service laying out the requirements to preserve, protect and restore the fisheries over the next 15 years and maintain the existing Russian River water supply. Additionally, state legislation passed in November 2009 (SB7X-7) will force a 20% reduction in per capita water use by 2020. North Marin must achieve more water conservation and development of recycled water to further stretch our local source of supply in future years.

Weather patterns in FY 2012 were dry and, until mid March/April rainfall occurred, it appeared the region may repeat the 1976/77 drought of record. The dry winter weather patterns resulted in a slight up-tick in water sales for the fiscal year. In June 2012, the second in a series of three annual 11% water rate increases became effective.



In West Marin, even though it was a relatively dry year, normal year water supply conditions on Lagunitas Creek prevailed and customers experienced no water restrictions. Work on long-range improvements continued and preliminary design work on the treatment plant solids handling facility was completed. In summer 2011, Pt. Reyes Well #3 began failing and District staff spent the winter months planning and obtaining regulatory permits to construct a replacement well.

At \$544 per year, the cost of water service for a typical Novato single family home using 110,700 gallons of water annually is the sixth-lowest of urban area water purveyors (see chart page 19). Water remains a good value for Novato customers.

## **WATER SUPPLY**

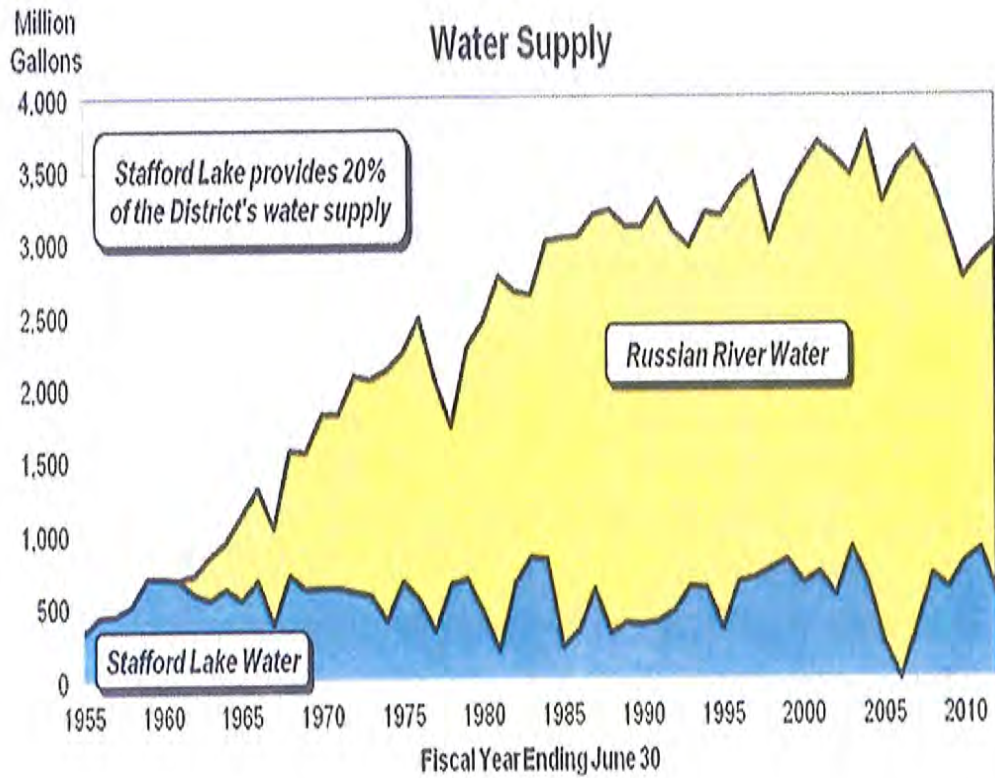
### **STAFFORD LAKE – Local Source Provides 20% of North Marin’s Supply**

Stafford Lake lies four miles west of downtown Novato and collects the runoff from 8.3 square miles of watershed land adjacent to the upper reaches of Novato Creek. The lake has a surface area of 230 acres and holds 4,450 acre-feet (1,450 MG) of water. Water from Stafford Lake is fed into the 6 million gallons per day (mgd) treatment plant located just below the dam. In FY 2012, 1,798 acre feet (586MG) of water was produced from the new Stafford Lake Water Treatment Plant, well below prior year totals due to limited rainfall and lake storage.

### **RUSSIAN RIVER – Provides 80% of North Marin’s Annual Supply**

Russian River water originates from both the Eel River and the Russian River watersheds northeast of the City of Ukiah (Lake Mendocino) and west of Healdsburg (Lake Sonoma). The Coyote Dam and Lake Mendocino impounds the Eel River diversions and winter runoff from the local watershed. Warm Springs Dam and Lake Sonoma impound winter runoff from the Dry Creek and Warm Springs local watersheds. Lakes Mendocino and Sonoma combined can store 367,500 acre feet to meet the regions' water supply needs. Releases from the lakes flow to a point about 10 miles upstream of Guerneville (see map on page 18 of this report), where six deep Ranney Collector wells draw river water that has been filtered through 60 to 90 feet of natural sand and gravel to perforated pipes located at the bottom of each well. The thick layer of sand and gravel through which the water must pass before reaching the intake pipes provides a highly-efficient, natural filtration process which, with chlorination treatment, produces a clear, potable, bacteria-free water. This water is then fed directly into the SCWA aqueduct system.

In FY 2012, North Marin received 7,401 AF (2,411 MG) of Russian River water. North Marin has an agreement in place with SCWA to provide sufficient supply and meet Novato's current and future water supply needs. There continues to be competing interests for Russian River water, principally to protect steelhead and salmon listed as threatened or endangered species under the Endangered Species Act.



## ADMINISTRATION

The Administration Department is comprised of the Administrative Services, Consumer Services, Finance, Human Resources and Information Systems divisions.

**Consumer Services** is responsible for the accurate and timely meter reading (pictured at the right) and billing, rendering and accounting for 142,000 bills annually. During the year, field staff responded to 1,257 customer calls for water service assistance and received a 96% positive response from customers pertaining to the service rendered.



- The Conservation Incentive Rate, enacted in Novato in June 2004 and focused on residential water use exceeding 1,845 gallons per day, continued to prove successful in reducing water demand. Residential consumption in the targeted tier was down 84% in FY12 compared to FY03. In addition to reducing consumption, the incentive rate has generated \$661,000 in additional revenue, which funds are dedicated to further promote water conservation measures in Novato.
- In January 2007 a Conservation Incentive Tier Rate (CITR) was implemented in Novato. The new tier rate is applicable to residential water use between 615 and 1,845 gallons per day. About 20% of residential customers use in excess of 615 gpd sometime during the year (75% of residential customers never use more than 615 gallons per day). The CITR is designed to further encourage high-use residential customers to review and tighten-up their landscape irrigation practices. FY12 water use within the CITR range declined 47% compared to FY06.
- In February, the District's 2012 Urban Area Water Cost Comparison showed that North Marin's cost of water service remains below the median of the seventeen urban agencies serving the greater San Francisco Bay Area. The annual cost for water service to a typical single-family home in Novato stood at \$544.



The **Finance Department** is responsible for general accounting and budgeting, payroll, purchasing, treasury management, risk management, materials inventory and human resources. The accounting staff renders a full financial statement monthly with extensive cost-accounting detail allowing District managers and Directors to closely monitor revenue and expenditures relative to the adopted budget.

Fiscal Year 2012 financial highlights include:

- The District, on a consolidated basis, received 103% of budgeted operating revenue and expended 103% of budgeted operating expenditures, resulting in a net loss of \$217,000, which compares to a budgeted net loss of \$468,000. \$8.5 million (86%) of the Capital Improvement Project Budget was expended. During the year the District received \$10.1 million in loan proceeds to finance its capital improvement project program, and ended the year with a cash balance of \$10.5 million, an increase of \$6.1 million from the prior year.
- Novato potable water consumption increased 1% from the prior year. Stafford Treatment Plant produced 586 MG (1,798 AF), down 34% from the prior year as low rainfall did not allow the lake to fill. The net loss of \$217,000 was less than the \$545,000 budgeted loss, and compares to a loss of \$1.1 million the prior year.
- The 0.5 MGD Deer Island Recycled Water Facility delivered 56 MG to the Stone Tree Golf Course, up 4% from the prior year. The fiscal year net loss of \$126,000 just under the \$129,000 budgeted loss.
- West Marin Water consumption was up 1% from the prior year. The \$146,000 net income compares to a budgeted net income of \$177,000 and to net income of \$82,000 the prior year. A \$1 million Bank of Marin loan allowed West Marin Water to end the fiscal year with \$833,000 in the bank.
- Oceana Marin Sewer's net income of \$23,000 compares to a budgeted income of \$29,000 and to net income of \$24,000 the prior year. Oceana Marin ended the year with a \$343,000 cash balance.
- During the year the second of three annual water rate increases averaging 11% was enacted in Novato as approved on May 24, 2011, effective June 1 of 2011, 2012, and 2013. A 9% increase applicable to West Marin water customers was approved effective August 1, 2011.

## ENGINEERING

The Engineering Department consists of professional and technical staff that oversees the planning, permitting, design, construction and project management of water supply, treatment, transmission and distribution facilities necessary to serve North Marin's customers in Novato and West Marin. Engineering functions for wastewater-related facilities are also provided by the Engineering Department to support North Marin's wastewater collection, treatment and disposal system in Oceana Marin. Property owners or developers desiring new water service or an upgrade to their existing service are assisted by the Engineering Department pursuant to North Marin regulations.



Recycled Water Segment 1 & 3



In the Novato service area, the Engineering Department oversaw the majority of forty-three projects with a combined fiscal year total expenditure of approximately \$8.3



million. Of these forty-three projects, thirty-two were completed within the budget year. Some of the significant projects included completion of 105 PB Replacements, approximately 600 feet of 12" cast iron pipe bursting with new 12" fusible PVC along Novato Blvd. at the Rowland Blvd. intersection (pictured left) Crest Tank

No. 1 and Plum Street Tank Recoats, and Segments 1 and 3 of the Recycled Water RW Expansion project (North Service Area).

In the West Marin service area, including Oceana Marin, the Engineering Department oversaw four of the eight projects with combined fiscal year total expenditures of \$204,000. The most significant projects in West Marin were Replacement of the Retaining Wall at PRE Tank No. 2 (pictured to the right) and design and permitting for Pt. Reyes Well No. 3 Replacement.



## **WATER CONSERVATION**

North Marin Water District maintains a comprehensive and innovative Water Conservation Program aimed at both residential and non-residential (commercial and large landscape) customers. Each program element is analyzed to assure that it will efficiently produce long-lasting water savings mutually worthwhile to the customer and North Marin. The District's water use efficiency programs saved approximately 352 million gallons of water during FY 2012.



Residential activities included residential water use surveys (283 completed), high-efficiency washing machine (HEW) rebates (312 paid), high-efficiency toilet (HET)



Water Conservation Technician performs Water Smart Home Survey

replacements (230 rebates paid), a Cash-for-Grass Program (turf removal rebate - 39 rebates paid), Conservation Incentive Tier Rates, flapper rebates, weather-based irrigation controller rebates, landscape efficiency rebates, and a plumbing retrofit-on-resale program (toilets, showerheads, and bathroom sink faucets). Water conservation programs for non-residential customers include HET

rebates, high-efficiency washing machine rebates, and free water audits/surveys. Large landscape customers are provided landscape water budgets comparing actual use to calculated use based on local weather data and landscape area. Large landscape audits and landscape efficiency upgrade rebates are also offered to mixed-use accounts and dedicated metered sites.

The public outreach program includes a School Education Program in cooperation with SCWA, direct mail newsletters every spring and fall, bill stuffers, bill text, newspaper advertisements and articles, and a variety of other customer outreach events and campaigns. The District also maintains an interactive website where customers can look at a everything from a graph of their water use history, to water use efficiency rebate information and can even pay their water bill. The outreach program is designed to increase customer participation in the various conservation programs offered by North Marin and to increase customer awareness and stewardship of the water resource.

Finally, North Marin requires new development to meet some of the most stringent water-use efficiency standards in the nation, including: installation of a high-efficiency washing machines, high-efficiency toilets, weather-based irrigation controllers, a maximum of 800 square feet of turf for residential development and no turf for commercial development, soil amendment and mulching requirements, drip or other subsurface irrigation for all irrigated non-turf areas, and other landscape irrigation



efficiency measures consistent with the CA model Water Efficient Landscape Ordinance.

## **MAINTENANCE**

The Maintenance Department is comprised of Electrical/Mechanical, Fleet, Building/Grounds and Distribution Cross Connection and Control staff. The Maintenance Department is responsible for all maintenance tasks throughout the Novato, West Marin and Oceana Marin service areas.



The Maintenance Department works closely with the Operations Department to ensure proper operation of Treatment and Distribution equipment for continuous service to our customers. This equipment includes the Stafford Treatment plant, 27 pump stations, 35 tanks, 13 pressure regulators, and 2,400 cross connection devices, 2,600

hydrants and 3,900 valves.

In West Marin, the Maintenance Department maintains the Lagunitas Creek Wells, Point Reyes Treatment Plant, 13 tanks and 8 pump stations located in Point Reyes Station, Olema, Inverness Park, Paradise Ranch Estates, and Bear Valley. Additionally, the Department maintains the collection and wastewater treatment operations in Oceana Marin.

Maintenance Department accomplishments during FY 2011-2012 include: 25 facilities improvement projects and over 400 routine maintenance tasks. Staff continued to execute the day-to-day activities while performing projects on the remote telemetry unit upgrades at Upper Wild Horse, Paradise Ranch Estates pump stations 1, 2 & 3, radio communication links to the Sunset, Pacheco and Airbase tank sites and replaced rectifiers at Cherry Hill, Buck, Atherton, and San Mateo Tanks.

Fleet Mechanic Kent LeBrun received re-certification for nine of the seventeen areas in the Automotive Service Excellence (ASE) certification program. The California Highway Patrol performed an audit of the Biennial Inspection of Terminals (BIT)

Program, inspecting the past three years of the District's 90-day inspection and maintenance records and passed the program with excellent results and no negative findings. The Environmental Protection Agency performed a field audit of the District's heavy duty diesel vehicle emissions smoke testing program. They reviewed the past three years of tests and maintenance records and passed the District with satisfactory findings.

## **OPERATIONS**

The Operations Department is comprised of the Operations and Water Quality Departments. The Operations and Water Quality Departments share the responsibility of monitoring the Stafford Lake watershed and working cooperatively with landowners, the Indian Valley Golf Course and the Marin County Parks and Open Space District.

The Operations Department manages the water supply and distribution for Novato and West Marin communities. In Novato, this department balances the tasks of treating and distributing water from Stafford Lake and imported Russian River water while maintaining appropriate water storage levels to reliably meet all water system demands and fire protection requirements. These requirements include California Department of Health Services regulations. In Novato, the department managed storage of 28 million gallons (MG) of finished water in 35 tanks through four hydraulic pressure zones and 27 pump stations.

Operations Department's activities and accomplishments during 2012 include 4 capital improvement projects, 22 major maintenance tasks during the winter shut down and 740 routine maintenance tasks throughout the year. An additional chlorine injection and carbon dioxide point was added for improved raw water



treatment. This will allow for a reduction in the more costly chemicals being used in the coagulation chamber. Staff also performed an electroshock fish count in the lake that revealed a healthy fishery. (pictured above)



In West Marin, the Operations Department operates the Lagunitas Creek wells and Point Reyes treatment plant that produced 78.9 MG of finished water supplying water to Point Reyes Station, Olema, Inverness Park, Paradise Ranch Estates, and Bear Valley. Additionally, the department operates the collection and wastewater treatment operations at Oceana Marin.

Chlorine emergency response training was conducted with Marin County Hazardous Materials Team and all Novato fire stations. Nearly fifty responders were trained on the system response plan. Staff participated in a Stafford Treatment Plant safety system inspection conducted by Cal-OSHA and several improvements were made as part of the follow-up. The final five-year update revisions to the Stafford Treatment Plant Chemical Risk Management Plan were completed and delivered to the US Environmental Protection Agency.



The Water Quality Department provides oversight to all aspects of North Marin operations to ensure that water quality is protected using a multi-barrier approach. Surveillance and monitoring is performed at multiple points from source to tap. North Marin's

laboratory performs thousands of water quality tests each year as required under state and federal drinking water regulations to support the work performed by other District departments. Annually, a water quality report is sent to all District customers in both Novato and West Marin. In addition, Water Quality Department staff respond to customer calls with specific information on water quality.

Water Quality Accomplishments during the 2011-2012 fiscal year include taking on contract work for the Novato Sanitary District Lab with sampling analysis efforts. Environmental Laboratory Accreditation Program (ELAP) re-certification took place for the Lab and Staff to continue to perform testing analysis for microbiology and inorganic chemistry on both drinking and wastewater. During the year the Lab also hosted interns over a semester as part of the Sonoma State Water Programs. The interns were



introduced to Lab operations, field sampling and quality control measures.

## CONSTRUCTION/MAINTENANCE

The Construction/Maintenance Department installs, repairs and replaces water main pipelines and their appurtenances (valves, hydrants, services and meters, etc.) in upgrading and maintaining our facilities. The Construction/Maintenance Department may



be contracted by developers to install new water mains, services, fire hydrants and fire services. In addition, staff upgrades ¾" service lines to 1" to comply with the Novato Fire Protection District's requirement for sprinklers in new building construction. Staff is on

call at all times and may be the first to respond to emergencies such as service leaks, main breaks, or knocked-over hydrants. Construction/Maintenance staff work hand-in-hand with the public and developers to install high-quality and reliable facilities to serve North Marin customers.

This year, Construction/Maintenance crews replaced and lowered services for Indian Valley Road City Improvements along with several Novato streets designated for



paving reconstruction. These included: Cavalla Cay (18 services), Del Oro Lagoon (28 services), Lea Drive (13 services), Center Road, Garner Ct, Oak Forest, Simmons Lane, 3<sup>rd</sup> Street and 5<sup>th</sup> Street.

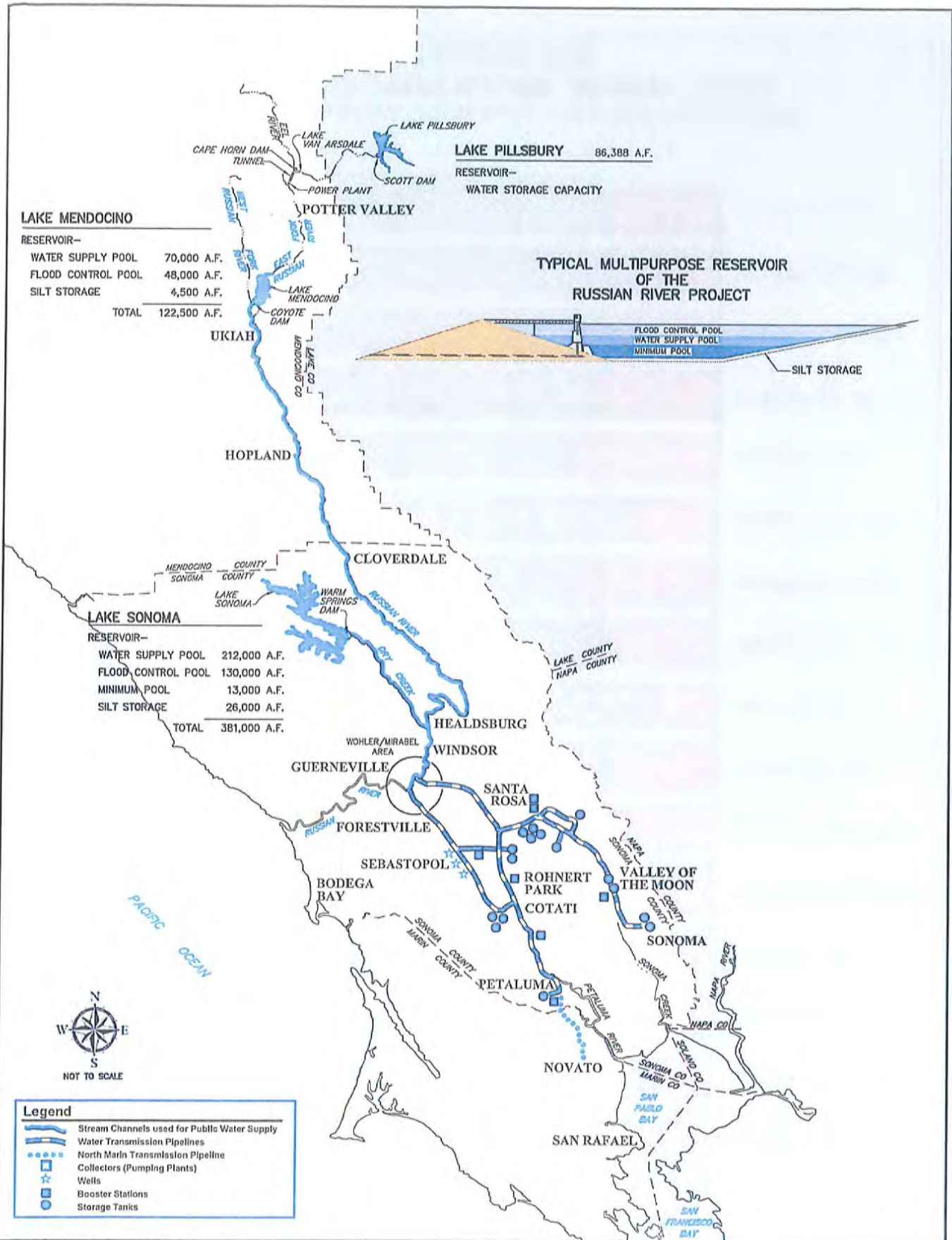
NMWD's crew installed six new flushing taps at the zone valves and upgraded six detector check valves. Construction/Maintenance crews reconstructed the 18" steel pipeline running along Nave Drive for the installation of the



new fire hydrants, fire services and meters for Hamilton Elementary School. Other projects included installing hot taps to Circle Bank, Bank of Marin, Hamilton Nursery, and Perry's Deli and Heidrun Meadery in West Marin, as well as tie-in's which included a 12" recycled water line at Summers Ave and Plum Street, and at Hamilton Elementary School. In addition, crews also worked on the Stafford Dam concrete apron repairs which consisted of repairing a 520 ft horizontal crack (pictures below).



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WATER TRANSMISSION PROJECTS WATER PROJECT/NOSONA.PDF - WATER SYSTEM-2008.dwg NOVEMBER 18, 2008



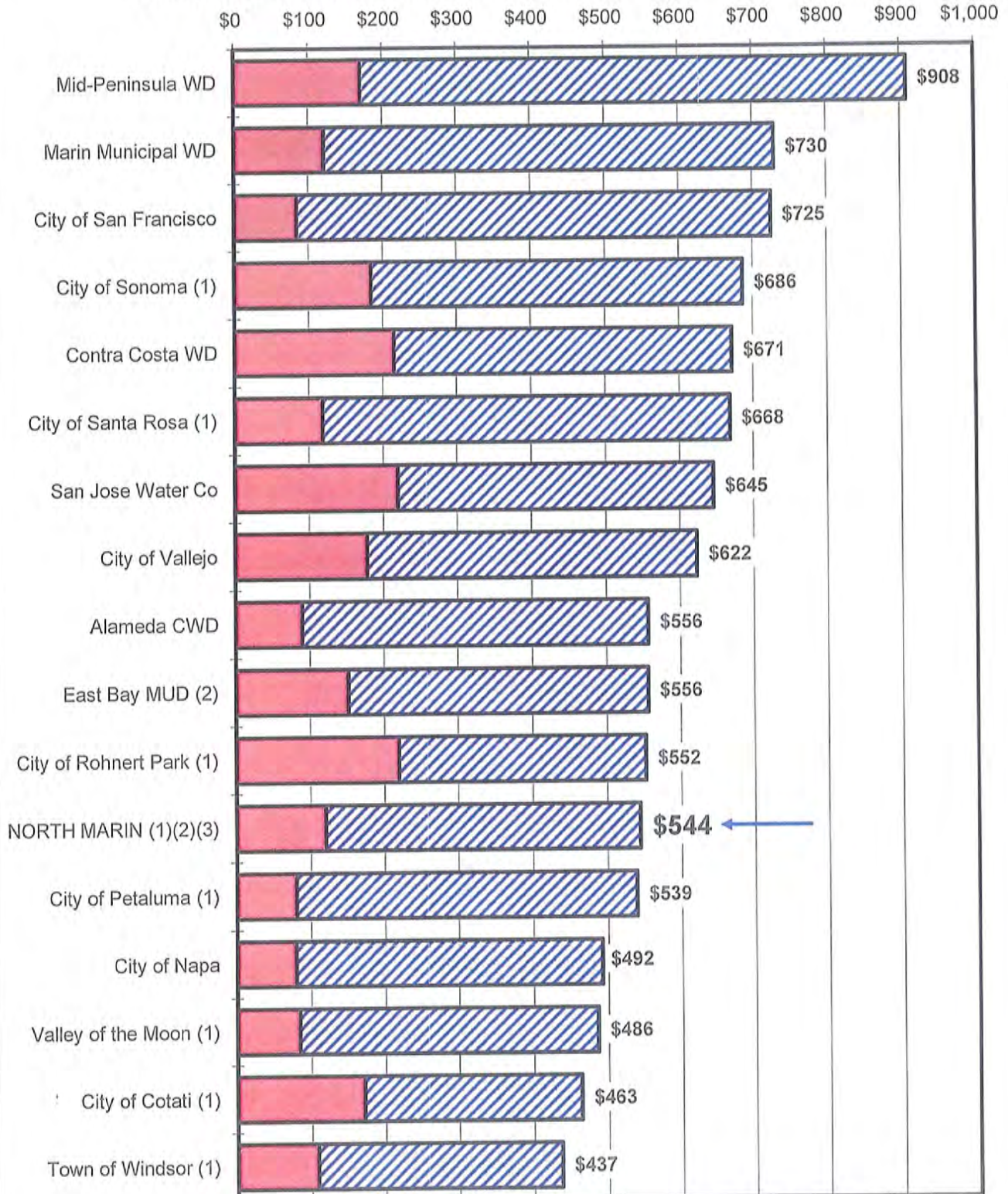
**Disclaimer**  
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**Russian River Water System**



## 2012 URBAN AREA TOTAL ANNUAL WATER COST COMPARISON

Typical Detached Single-Family Home Annual Consumption = 110,700 Gallons



**LEGEND**  
■ Service    ▨ Commodity

(1) Sonoma County Water Agency Prime Contractor.  
 (2) Based on weighted average commodity charge - all zones.  
 (3) Excludes West Marin rates and charges.

## SUMMARY FINANCIAL INFORMATION

June 30, 2012

<b>NET ASSETS</b>		<b>Novato</b>	<b>Novato</b>	<b>West Marin</b>	<b>Oceana</b>
<b>Assets</b>	<b>Total</b>	<b>Water</b>	<b>Recycled</b>	<b>Water</b>	<b>Marin Sewer</b>
Unrestricted Cash & Investments	\$231,913	-	-	-	\$231,913
Restricted & Designated Cash	10,289,438	9,345,085	-	832,895	111,458
Receivables & Other Assets	17,722,233	10,726,975	6,857,379	129,671	8,208
Construction-in-Progress	11,210,782	2,682,606	8,117,923	325,199	85,054
Property, Plant & Equipment (net)	78,492,244	69,659,317	4,241,629	3,959,779	631,519
<b>Total Assets</b>	<b>\$117,946,610</b>	<b>\$92,413,983</b>	<b>\$19,216,931</b>	<b>\$5,247,544</b>	<b>\$1,068,152</b>
<b>Liabilities</b>					
Current Liabilities	\$8,316,971	\$3,051,825	\$5,105,774	\$132,177	\$27,195
Other Liabilities	80,997	64,803	-	16,194	-
Long-Term Debt	33,487,252	23,507,814	8,831,731	1,147,706	-
<b>Total Liabilities</b>	<b>\$41,885,220</b>	<b>\$26,624,442</b>	<b>\$13,937,505</b>	<b>\$1,296,077</b>	<b>\$27,195</b>
<b>Net Assets</b>					
Invested in Capital Assets	\$93,139,124	\$80,162,387	\$7,416,515	\$4,527,412	\$1,032,810
Restricted & Designated Reserves	10,470,490	9,711,128	228,659	421,186	109,517
Earned Surplus	(27,548,224)	(24,083,974)	(2,365,749)	(997,131)	(101,370)
<b>Net Assets</b>	<b>\$76,061,390</b>	<b>\$65,789,541</b>	<b>\$5,279,425</b>	<b>\$3,951,467</b>	<b>\$1,040,957</b>

## REVENUE & EXPENSE

Operating Revenue	\$15,435,734	\$14,418,213	\$222,337	\$637,872	\$157,311
Operating Expense	15,337,461	14,321,116	304,654	533,117	178,574
Operating Income/(Loss)	\$98,273	\$97,097	(\$82,317)	\$104,755	(\$21,263)
Non-Operating Revenue/(Expense)	(315,436)	(356,903)	(44,129)	40,933	44,663
<b>Net Income/(Loss)</b>	<b>(\$217,163)</b>	<b>(\$259,806)</b>	<b>(\$126,446)</b>	<b>\$145,688</b>	<b>\$23,400</b>

## CASH FLOW

Net Income/(Loss)	(\$217,163)	(\$259,806)	(\$126,446)	\$145,688	\$23,400
Add Back Depreciation	2,726,598	2,372,380	162,965	150,169	41,084
<b>Cash Generated</b>	<b>\$2,509,435</b>	<b>\$2,112,574</b>	<b>\$36,519</b>	<b>\$295,857</b>	<b>\$64,484</b>

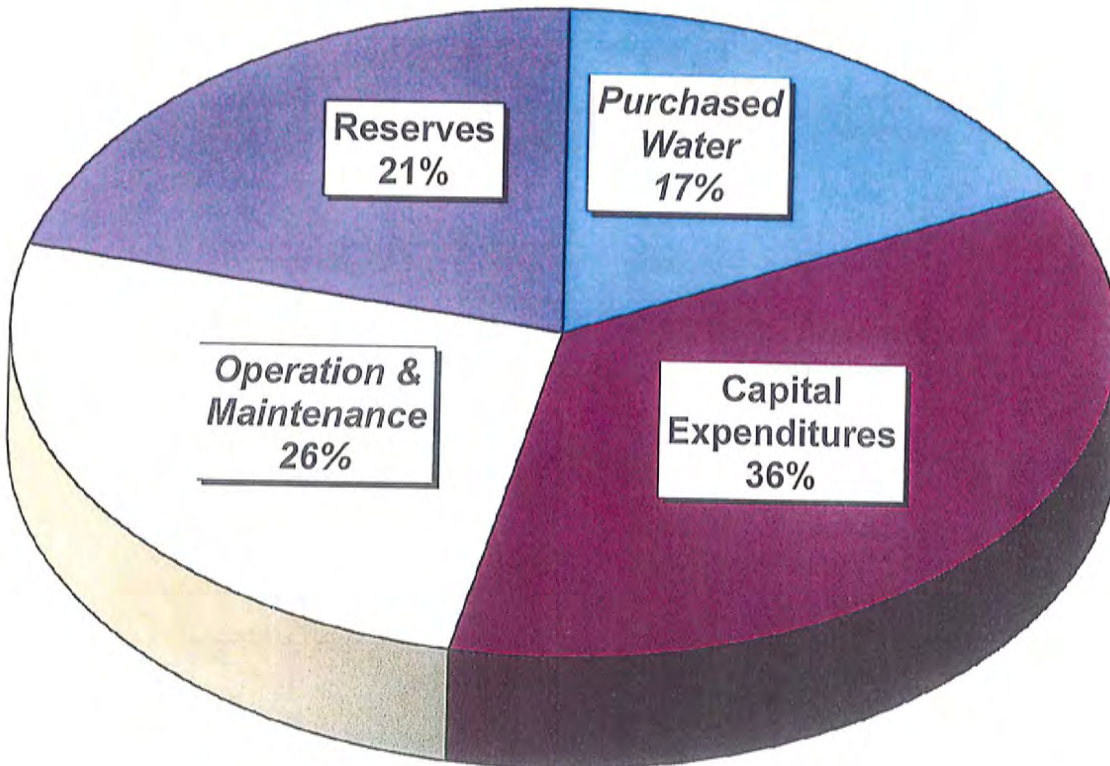
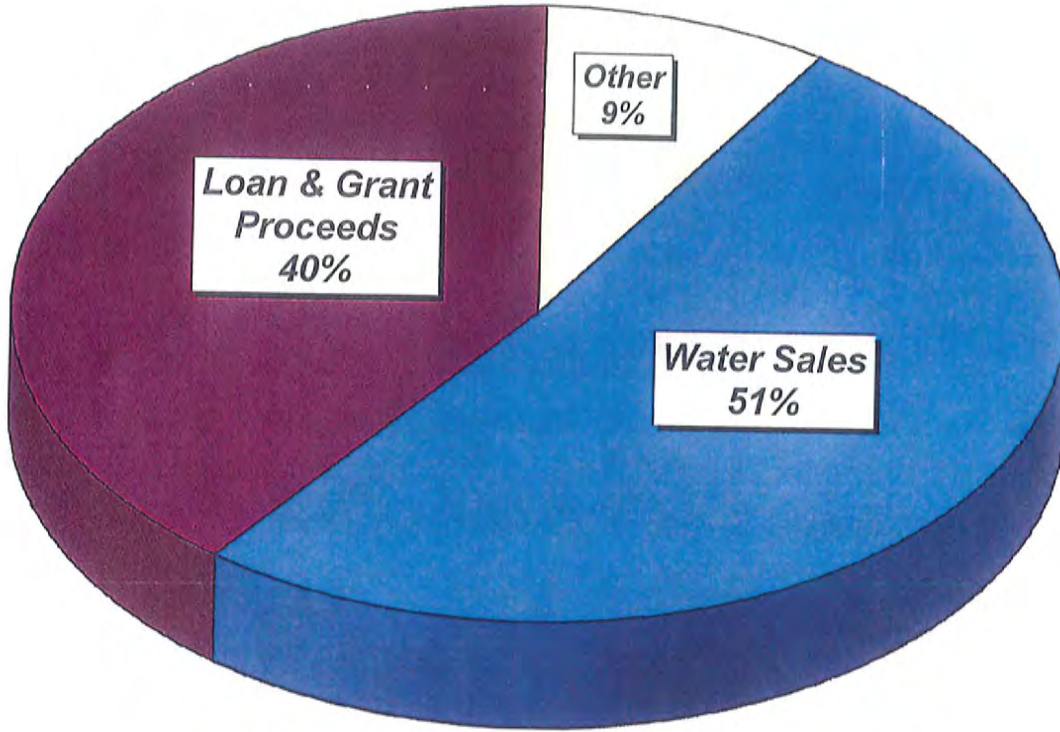
## Other Sources/(Uses)

Connection Fees	\$1,005,680	\$969,080	-	\$36,600	-
Capital Asset Acquisition	(8,706,654)	(1,533,895)	(6,969,039)	(145,026)	(58,694)
Principal Paid on Debt	(1,116,409)	(886,059)	(187,045)	(43,305)	-
Grant Proceeds	1,548,002	-	1,548,002	-	-
Loan Proceeds	10,105,041	7,000,000	2,105,041	1,000,000	-
Interdistrict Loans	-	(1,755,004)	2,111,972	(356,968)	-
Working Capital & Miscellaneous	790,327	(548,070)	1,321,332	(4,574)	21,639
<b>Total Other Sources/(Uses)</b>	<b>\$3,625,987</b>	<b>\$3,246,052</b>	<b>(\$69,737)</b>	<b>\$486,727</b>	<b>(\$37,055)</b>
<b>Net Cash Generated/(Used)</b>	<b>\$6,135,421</b>	<b>\$5,358,626</b>	<b>(\$33,218)</b>	<b>\$782,584</b>	<b>\$27,429</b>



*North Marin Water District - Fiscal Year 2011-12*

Source of Funds: \$29,200,000



Use of Funds: \$29,200,000

**CHARACTERISTICS OF SERVICE AREAS**

8/9/2012

<u>Statistics</u> (at June 30, 2012)	Water		Sewer	Total
	Novato Potable & RW	West Marin Service Area	Oceana Marin	
Service Area (Square Miles)	75	24	1	100
Active Connections	20,492	777	227	21,496
Dwelling Units	23,942	811	227	24,980
Estimated Population	61,000	1,700	400	63,100
Average Household Size (People)	2.6	2.1	1.9	2.5
FTE Employees	52.5	-	-	52.5
Fire Hydrants	2,618	167	-	2,785
Miles of Pipeline	319	24	5	348
Storage (million gallons)	37.4	1.0	-	38.4

**Annual Water Volumes (MG) (FY2011-12)**

Russian River Water Purchases	2,411			2,411
Stafford Water Treatment Plant	586			586
Deer Island Recycled Water Facility	57			57
Point Reyes Water Treatment Plant		78		78
Oceana Marin Wastewater Treatment			7	7
Total Water Production	3,054	78	7	3,139
RR Water Wheeled to MMWD	1,916			1,916

**Annual Budget - FY2012-13**

Operating Revenue	\$15,854,000	\$666,000	\$158,000	\$16,678,000
Connection Fees/Misc	1,304,000	104,000	65,000	1,473,000
Grant/Debt Proceeds	6,860,000	0	0	6,860,000
Total Sources	\$24,018,000	\$770,000	\$223,000	\$25,011,000

Operating Labor	\$5,401,000	\$160,000	\$10,000	\$5,571,000
Other Operating Expense (less Deprec)	6,748,000	244,000	121,000	7,113,000
Capital Expenditures	8,865,000	670,000	320,000	9,855,000
Debt Service & Other Expenditures	2,064,000	118,000	0	2,182,000
Contribution To/(From) Reserves	940,000	(422,000)	(228,000)	290,000
Total Outlays	\$24,018,000	\$770,000	\$223,000	\$25,011,000

**Annual Water/Sewer Cost (FY2012-13)**

to Typical Single-Family Detached Residence

Service Charge	\$25.00/2 mo.	\$25.00/2 mo.	\$58.00/mo.
Annual Consumption (Typical)	107,100 gal	59,100 gal	
Wt'd Avg Water Rate / 1,000 gal <sup>1</sup>	\$4.10	\$6.97	

Typical Annual Cost:

Service Charge	\$150	\$150	\$696
Commodity Charge	\$439	\$412	\$0
Allocated Tax <sup>2</sup>	\$0	\$52	\$188
G.O. Bond Tax <sup>3</sup>	\$0	\$22	\$0
Total Annual Cost	\$589	\$636	\$884

**Notes**

- 1 FY13 weighted average commodity rate. Rates vary by elevation zone to reflect different energy, pumping and storage costs. Novato rates range from \$3.73 to \$5.54 per 1,000 gallons, and in West Marin from \$6.36 to \$10.61. Average excludes tier rate charges as typical residential consumption is below tier threshold.
- 2 Allocated share of FY12 Marin County 1% ad valorem tax per active connection. Tax is collected by the County and allocated by formula to the West Marin districts.
- 3 Based on FY12 average assessed value of \$376,595 less \$7,000 Homeowner Property Tax Exemption for single-family detached homes in West Marin Service Area and FY12 PR-3 General Obligation tax rate of \$0.6¢/\$100 AV. This voter-approved tax is assessed and collected by the County of Marin.

## HISTORICAL STATISTICS

10/10/2012

\\tact\excel\annual report\historical statistics.xls\all districts

Fiscal Year Ending June 30:		2012	2010	2008	2006
Active Services	-Novato Water	20,490	20,435	20,366	20,193
	-Novato Recycled	2	3	1	
	-West Marin Water	777	769	758	753
	-Oceana Marin Sewer	227	225	223	218
	Total Active Services	21,496	21,432	21,348	21,164

Full-Time Equivalent (FTE) Employees	52.5	54.3	58.5	55.0
FTE Employees per 1,000 Active Services	2.4	2.5	2.7	2.6
FTE Employees per \$1M Capital Assets	0.4	0.5	0.5	0.6
Long Term Debt per Active Service	\$1,558	\$924	\$947	\$742
Miles of Pipeline	348	345	341	324
Storage (MG)	38.4	37.9	34.8	34.4

### Water Production (MG)

Point Reyes Treatment Plant	78	79	99	106
Stafford Treatment Plant	586	800	712	0
Deer Island Recycled Water Facility	57	55	47	-
Russian River Water Purchases	2,411	1,954	2,736	3,518
Total Water Production	3,132	2,888	3,594	3,623
Wheeled to Marin Municipal WD	1,916	2,189	2,496	2,323

### Novato Service Area Average Day Potable Water Production (MG)

Annual	8.2	7.5	9.4	9.6
Peak Month	12.0	11.8	13.6	15.6
Peak Week	12.5	12.3	14.2	16.5
Peak Day	15.4	13.4	15.8	17.8

### Financial History

#### Source of Funds

Water Sales	\$15,017,396	\$11,999,270	\$11,032,118	\$9,770,743
Investment Earnings	109,194	205,905	681,724	537,229
Tax Revenue	101,559	100,220	110,129	82,138
Grant Proceeds	1,548,002	289,400	0	0
Connection Fees	1,005,680	1,796,028	1,515,606	639,702
Loan Proceeds	10,105,041	0	876,819	4,213,268
Other Sources	1,346,244	690,776	870,253	1,081,309
Reserves	(6,135,421)	1,012,187	1,827,611	1,305,404
	<u>\$23,097,695</u>	<u>\$16,093,786</u>	<u>\$16,914,260</u>	<u>\$17,629,793</u>

#### Use of Funds

Purchased Water	\$5,047,469	\$3,630,416	\$3,852,900	\$4,546,147
Operation & Maintenance	7,563,393	9,452,956	8,686,092	7,182,723
Debt Service	1,770,894	1,576,525	865,593	552,391
Capital Expenditures	8,706,655	724,948	2,217,669	4,788,655
Other Uses	9,284	708,941	1,292,006	559,877
	<u>\$23,097,695</u>	<u>\$16,093,786</u>	<u>\$16,914,260</u>	<u>\$17,629,793</u>

#### Where We Stand

Assets	\$117,946,610	\$95,473,061	\$104,831,135	\$92,625,685
Liabilities	41,885,220	22,808,499	24,511,345	21,310,895
Net Assets	<u>\$76,061,390</u>	<u>\$72,664,562</u>	<u>\$80,319,790</u>	<u>\$71,314,790</u>







**NOTICE OF MEETING OF  
NORTH BAY WATERSHED ASSOCIATION**

Notice is hereby given that a meeting of the North Bay Watershed Association will be held as follows:

Date: Friday, October 12, 2012  
Time: 9:30 a.m. – 11:30 a.m.  
Location: Conference Room 2  
Petaluma (Lucchesi) Community Center  
320 N. McDowell Boulevard  
Petaluma, CA 94954

**AGENDA**

<b><u>Item</u></b>	<b><u>Recommendation</u></b>
1. Call to Order (Jack Gibson, Chair)	
2. Public Comment	
3. Approval of the Agenda (1 min.)	Approve
4. Approval of Minutes	Approve
5. Treasurer's Report (1 min.)	Accept
6. Marin Creek Mouth Assessment Pilot Project (20 min.) Guest Speaker: Adrien Baudrimont San Francisco Estuary Partnership	Information
7. San Francisco Bay Restoration Act (45 min.) and Economic Value of Bay Tidal Marshes Guest Speaker: Marc Holmes The Bay Institute	Information
8. Items of Interest	
9. Items for Next Agenda	

**Next Meeting Information:**

**Next Meeting: November 2, 2012**  
Novato Sanitary District  
500 Davidson Street  
Novato, CA 94945

## NORTH BAY WATERSHED ASSOCIATION

Minutes for the meeting of the North Bay Watershed Association (NBWA) Board of Directors.

Date: Friday, September 7, 2012  
Time: 9:30 a.m.  
Location: Novato Sanitary District  
500 Davidson Street  
Novato, CA 94945

Directors Present: Directors present included:

<u>Board Member</u>	<u>Agency/Organization</u>	<u>Board Member</u>	<u>Agency/Organization</u>
Steve Barbose	City of Sonoma and Sonoma Valley County Sanitation District	Ernie Ganas	Bel Marin Keys Community Services District
Chris Choo	Marin County Stormwater Pollution Prevention Program	Jack Gibson	Marin Municipal Water District
Mike DiGiorgio	Novato Sanitary District	Kathy Hartzell	Central Marin Sanitation Agency
Rick Fraites	North Marin Water District	Laurie Williams	County of Marin

Directors present represented 9 out of the 16 agencies signatory to the Association MOU and Jeanne MacLeamy, represented the City of Novato, Associate Member.

### Board Actions

1. Call to Order. Jack Gibson, Chair, called the meeting to order at 9:40 a.m.
2. Public Comment. There was no public comment.
3. Approval of the Agenda. (See Handout) The Board unanimously approved the agenda.
4. Approval of Minutes of the Board Meeting held July 6, 2012. (See Handout) The Minutes of the Board Meeting held on July 6, 2012 were unanimously approved.
5. Treasurer's Report. (See Handout) The Treasurer's Report was accepted as presented by Harry Seraydarian.
6. **The Economic Value of Conservation: Enhancing Investment in Green Infrastructure**, Guest Speaker: Karen Gaffney, OSD Program Manager Strategic Initiatives, Sonoma County Agricultural Preservation and Open Space District, provided a PowerPoint presentation. Karen first presented some historic context for the District and indicated the need to include an analysis of economic impact in a 20 year evaluation. She then described the challenges to the District and the rationale for Ecosystem Services Valuation. Karen presented some assumptions, such as conservation has value and multiple benefits, and knowledge of economic data informs decision making. She then provided a definition of ecosystem services/value of conservation (benefits that human communities derive from nature; benefits over and above intrinsic value; and benefits that include agricultural and open space). Karen walked through a number of examples of categorical benefits, specific geographic studies, and private market based approaches. She then described the project underway for Sonoma, Santa Clara, and Santa Cruz Counties that is funded for \$1.1 million by the Gordon and Betty Moore Foundation. The objective is to evaluate the return on investment for 20 years of conservation and model future economic benefits. The desired outcome is enhanced conservation funding and more effective/efficient use of public trust capital expenditures. Karen described the data, analysis and tool development which will include identifying key local ecosystem services with a continuum of methods (qualitative, quantitative, and monetized), and mapping and spatial analysis. She emphasized the multiple benefits of conservation and layering of categories such as water, climate, biodiversity, sustainable agriculture, recreational tourism, and public health. Karen illustrated this by listing multiple benefits of coastal areas in the United States and then provided a local example focused on artisanal cheese in Marin and Sonoma Counties whose success can be attributed to capitalizing on agricultural conservation easements to support the transition. She also highlighted the relationship between endangered dairies (using a mosaic graphic to display different levels of land threatened by development) and endangered fish (Coho) and how funding is used to maintain agriculture and restore habitat that helps with Coho restoration. Karen also summarized local leadership applications and emphasized informed decision making and improvements in legislation, support for multi-benefit projects, attracting funding, and building and maintaining resilient communities. She ended with a summary of how this kind of project will support future funding both short term (emphasis on cost/benefit analysis in competition for grants) and long term (making the economic case for green infrastructure). The Board Members and participants had several questions. Will this study look at future need for Sonoma County surface water treatment? (Broadly addressed, specific analysis may depend on future funding. A November 2 symposium on the Santa Rosa Credit Project will address BMPs to reduce runoff.) What is the schedule for the study? (3 years.) Will you reach out to the Marin Open Space District? (Some conversations already, intent is to help

other counties.) How would you counter arguments against a ballot measure for acquisition which emphasize other needs such as affordable housing? (We only look at economic benefits, not compare alternatives, can only emphasize benefits.) Have you met with Sonoma Land Trust? (Yes, work closely on projects and SLT interested in this study.)

7. **Wetlands and Climate Change**, Guest Speaker: Stephen Crooks, Ph.D., Climate Change Director, ESA PWA / Environmental Hydrology, provided a PowerPoint presentation and started off by mentioning a report that he is working on with ECONorthwest on this topic – the Value of Wetlands for Climate Change Adaptation and Carbon Sequestration – that will be out next month. Steve attempted to show a video on how wetlands sequester carbon (link: <http://vimeo.com/47315487>). Steve presented the biological systems being considered for climate change mitigation and then focused on coastal systems (mangrove, tidal marshes, and seagrass). He displayed a photo of Petaluma Marsh layers and emphasized the effectiveness of the wet layers in taking up CO<sub>2</sub>. Steve provided a chart illustrating the tons of CO<sub>2</sub> per hectare for different coastal ecosystems (seagrasses, tidal salt marsh, estuarine and oceanic mangroves) compared to tropical forests (tidal marsh is double). He then focused on the release of carbon from the Sacramento-San Joaquin Delta due to agriculture and then provided a chart comparing those emissions to other drained coastal wetlands around the world. Steve then described the International Blue Carbon Scientific Working Group and highlighted their efforts in the near term and long term. Steve noted that carbon standards do not include coastal wetlands at the present time but will be added in October 2012 and the group is also working with the Intergovernmental Panel on Climate Change on wetlands greenhouse gas accounting which will be added in 2013. Steve then shifted to the San Francisco Bay Area and indicated ESA PWA is working with PRBO to update the "Goals" report on wetlands. Steve highlighted Climate Adaptation Planning for the Bay Area which will include sea level rise, wetlands restoration, infrastructure, sediment management, and fluvial floodplains. Steve indicated that carbon financing will probably not provide large funding for wetland restoration but it could pay for some costs. The Board Members and participants had several questions. How does the Hamilton restoration balance out, given CO<sub>2</sub> releases from dredge spoils? (Since energy to move material and build levees was very high and fast and CO<sub>2</sub> reduction is slow likely will not balance out in the short term.) How will we see CO<sub>2</sub> sequestration in the future? (Benefits go on for years but flood management benefits are much higher than carbon sequestration.) What about nitrogen loading? (Study in the northeast showed nitrogen in the water column has a big effect as far as contributing to greenhouse gas emissions and can effect root development, this creates additional "credits" for farmers to reduce nitrogen loading.) Does this mean that efforts in Tomales Bay to reduce nitrogen by fencing cows out of tributaries can allow marshes to be more productive? (Yes, research is underway on reducing greenhouse gases and health of wetlands.)

8. **Project Approval – ECONorthwest Proposal – Handbook for Benefit Cost Analysis Consistent with DWR Guidance**, Harry Seraydarian, NBWA Executive Director, used PowerPoint to present the proposal by ECONorthwest for a "Handbook for Benefit Cost Analysis consistent with DWR Guidance" for \$20k (a handout was provided with the full proposal.) Harry first provided the context for cost/benefit analysis required for Round 1 of Prop 84 and how that influenced the Bay Area Proposal. Harry then described the changes in the 2012 DWR Guidance that provided more flexibility in the analysis but still emphasized monetizing benefits, if the information exists. Harry then presented the timing for a Round 2 proposal (application due in March 2013) and why any effort on a handbook would need to be completed by the end of 2012. He then presented the tasks in the ECONorthwest Proposal: Task 1. Review the New Guidelines and Interview Key Stakeholders; Task 2. Describe Economic Framework for Analysis; Task 3. Develop Illustrative Economic Values for Bay Area Projects; Task 4. Describe Unquantifiable Economic Values; Task 5. Conduct a Web-Based Presentation and Q&A and outlined the schedule (final deliverable by December 21, 2012). Harry then described the role of the Habitat/Floodplain Technical Committee in identifying the need for a tool/report and developing the concept for this proposal starting in March 2012. Harry explained his rationale for requesting a proposal from ECONorthwest in early August. Harry noted the HFTC approved taking the \$20k option (original proposal had a \$10k option also) to the NBWA Board on August 14 and provided input that has been incorporated into the revised proposal. One question was raised. Do we have funding for this project? (Yes, at this time we have over \$80k in carryover.) The NBWA Board unanimously approved the proposal for a \$20k sole source contract with ECONorthwest.

9. **Items of Interest**.

- \* Dedication of Las Gallinas Valley Sanitary District's new recycled water facility on Tues., Sept. 25 – 1:30 p.m. – 300 Smith Ranch Road, San Rafael, CA 94903; RSVP by September 14 to Carolyn Memmott (415) 472-1734

10. **Items for Next Agenda**.

- \* Marc Holmes, TBI, San Francisco Bay Restoration Act and Economic Value of Bay Tidal Marshes
- \* Adrien Baudrimont, SFEP, Marin Creek Mouth Assessment Pilot Project

Jack Gibson, Chair, adjourned the meeting at 11:09 a.m.

SUBJECT TO APPROVAL

Submitted By: Elizabeth O. Preim-Rohtla

**NEXT MEETING INFORMATION**

October 12 – Petaluma (Lucchesi) Community Ctr., 320 N. McDowell Blvd., Conference Room 2, Petaluma, CA 94954

November 2 – Novato Sanitary District, 500 Davidson Street, Novato, CA 94945

December 7 – Petaluma (Lucchesi) Community Ctr., 320 N. McDowell Blvd., Conference Room 2, Petaluma, CA 94954

## DISBURSEMENTS - DATED OCTOBER 4, 2012

Date Prepared: 10/2/12

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	Allied Electronics	Voltage Monitor for Control Panel (\$86) & Tank Alarm Switches (\$112)	\$198.36
2	Alpha Analytical Labs	Lab Testing (Novato)	240.00
3	Athens Administrators	Replenish Workers' Comp Account (Le Brun & Breit)	481.04
4	Automation Direct	Parts for Pt Reyes TP RTU Replacement Project	2,186.00
5	Baker, Jack	September Director's Fee (\$200) & LGVSD RW Dedication (\$100)	300.00
6	Bold & Polisner	August Legal Services: Gustafson Ct Acquisition (\$1,165), Misc (\$18), MMWD Intertie Agreement (\$349) & Water Cons Prop 84 Grant (\$280)	1,813.00
7	Borcherding, Lyle	Novato "Cash for Grass" Program	312.00
8	Brumhaugh, Deborah	Novato "Toilet Rebate" Program	200.00
9	Business Card	Supplies for Lab Labeling System (\$347), Wasp Hornet Killer (36-14 oz cans) (\$210), Food for Patio Picnic (\$121), Paper Products for Solar Dedication (\$28), Shuttle for Solar Dedication (\$198), Internet Pymment Fee (\$126), Gas Cans (3) (\$108), Classified Ad-Temp Laborer (\$75) & Bluetooth Portable Car Speaker (\$37)	1,249.94
10	Carver, Lewis	Novato "Toilet Rebate" Program	100.00
11	Core Utilities	Consulting Services: Aug IT Support (\$5,000), SCADA (\$3,425) & STP (\$75)	8,500.00
12	Cummings Trucking	Rock (64 yds)	2,299.24
13	Environmental Resource Assoc	Annual Performance Evaluation Samples (Lab)	684.05

Seq	Payable To	For	Amount
14	Fisher Scientific	Nitrogen Standard (Lab)	29.74
15	Fraites, Rick	September Director's Fee (\$200) & North Bay Watershed Association Meeting 9/7/12 (\$100)	300.00
16	Goodwin, Theresa	Novato "Washer Rebate" Program	50.00
17	Grainger	Gloves, "AA" Batteries (48), "9V" Batteries (24), Control Relay & Power Transformer for STP Compressor (\$91)	165.13
18	Hardy Diagnostics	Criterion Medium (Lab)	36.62
19	Home Depot	Duct Tape, Trowel, Water Nozzles (6) (\$39) & Gas Bar-B-Que (\$373)	456.69
20	Irish & Son's Welding	Weld Thread-O-Let @ 1055 Bel Marin Keys & Weld Recycle Water Tank	210.00
21	Jenkins, Kevin & Robin	Novato "Washer Rebate" Program	50.00
22	Jim-n-i Rentals	Steel Traffic Plate Rental (9 Days) (Del Oro Lagoon P/S)	309.88
23	Kaiser Foundation Health Plan	Pre-Employment Physical & Drug Screen (Atkinson)	65.00
24	Lam, Kha	Novato "Washer Rebate" Program	50.00
25	Marin County	Excavate 4' x 4' Pothole to Upgrade Existing Water Service Lateral (1055 Bel Marin Keys)	321.00
26	Marin Reprographics	Bond Paper (36" x 150') (Eng)	20.56
27	McLellan, WK	Misc Paving: Center Rd & Holstrom Cir	5,593.00
28	Minolli, Mario	Novato "Washer Rebate" Program	50.00
29		Wage Assignment Order	284.00
30	Nipper, Denise	Novato "Toilet Rebate" Program	200.00
31	Novato, City of	In-Lieu Fee for Cutting Moratorium Street - 109 Aaron Ct.	500.00
32	Novato Sanitary District	Treatment & Discharge of 20,000 gals of Slightly Contaminated Ground Water to NSD Sanitary Sewer (Olive & Redwood) for Recycled Water North Service Area Seq #2 Project	363.80

Seq	Payable To	For	Amount
33	Novato Unified School District	Service on A/C System ('04 Chevy C1500)	59.17
34	Novato Chevrolet	Service on Lock Sensor ('06 Chevy Colorado)	480.05
35	NTU Technologies	Anionic Polymer Emulsion for STP Centrifuge	3,285.00
36	Pace Supply	1" Copper Tubing (4) (\$170), 3" Pipe (21') (\$173), Reducer (\$66) & Warning Tags (23) (\$79)	488.58
37	Pape Machinery	Backhoe Bucket Teeth & Pins	132.15
38	PERS	Oct Health Insurance Premium (Employees \$50,017, Retirees \$9,776 & Employee Contrib \$6,708)	66,501.16
39	NMWD Petty Cash	Petty Cash Reimbursement: Bridge Toll, Mileage Reimbursement & Fuel	96.98
40	Petterle, Stephen	September Director's Fee	200.00
41	PVS Minibulk	Sodium Hypochlorite (1,119.87 gal)	1,707.44
42	Ranger Pipelines	Progress Payment #7: RW North Seg 2 Project (Bal Remaining on Contract \$90,833)	47,002.50
43		Cafeteria Plan - Uninsured Medical Reimbursement	126.52
44	Rodoni, Dennis	September Director's Fee	200.00
45	Rosemount	Tank Level Transmitter for Reservoir Hill Tank	1,474.62
46	Russell, Guy	Novato "Toilet Rebate" Program	200.00
47	Schoonover, John	September Director's Fee Less Deferred (\$150) & LGVSD RW Dedication (\$100)	250.00
48	Schwaab	"OK to Pay" Pre-inked Stamps (2)	103.06
49	Sequoia Safety Supply	Ear Plugs (400) (\$55), Ibuprofen (100), Bandages (200) & Brief Relief Urine Bags (100) (\$221)	289.99
50		Vision Reimbursement	93.00
51	Sonoma County Water Agency	NBWRA Phase 1 Support/Joint Use (\$102,541) & NMWRA Reconciliation & Reassessment for FY 2005/2006 Through RY 2011/2012 (\$602,073)	704,614.00



Seq	Payable To	For	Amount
52	SpeedTech Lights	Replacement Strobe Light for STP Forklift	79.45
53		Vision Reimbursement	120.00
54	TESSCO Technologies	Solar Power System for Reservoir Hill Tank	1,990.49
55	Ultra Scientific	ICR Minerals Sample (Lab)	209.70
56	Village Marin Meadows HOA	Novato "Water Smart Landscape Efficiency" Rebate (\$1,000) & Novato "Smart Irrigation Controller" Rebate (\$1,290)	2,290.00
57	Watersavers Irrigation	Irrigation Piping, Fittings (\$292), Irrigation Supplies (\$217) & Sprinklers (\$141) (Leveroni Creek Bank Repair)	650.83
58	Welton, Virginia	Novato "Toilet Rebate" Program	300.00
59	Western Oaks Village HOA	Novato "Water Smart Landscape Efficiency" Rebate (\$1,000) & Novato "Smart Irrigation Controller" Rebate (\$1,950)	2,950.00
60	White, Daniel	Novato "Washer Rebate" Program	50.00
61	Workforce Boots & Clothing	Safety Boots (Bynum)	172.79
		<b>TOTAL DISBURSEMENTS</b>	<b><u>\$863,736.53</u></b>

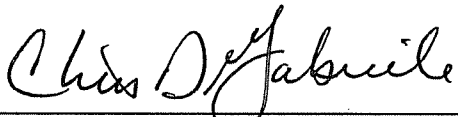
The foregoing payroll and accounts payable vouchers totaling \$863,736.53 are hereby approved and authorized for payment.



10/2/12

Auditor-Controller

Date



10/2/2012

General Manager

Date

# NORTH MARIN WATER DISTRICT CHECK REQUEST

(Check Request form to be used only when payee cannot provide an invoice or statement)

<b>PAYEE:</b> FRAITES, RICK 50 FORREST RD NOVATO, CA 94947	DATE <u>9/17/12</u>  TOTAL <u>100.00</u>
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**PURPOSE:** DIRECTOR'S FEE

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**CHARGE TO:**

**DISPOSITION OF CHECK**

- MAIL TO PAYEE
- HOLD FOR
- OTHER

REQUESTED BY \_\_\_\_\_

APPROVED TO PAY BY \_\_\_\_\_

\\NMWDSRV1\ADMINISTRATION\FORMS\CHECK REQUEST.DOC REV. 06/09

Prepared By <u>RM</u>	Accounting Review	POST DATE <u>9/12</u>	Vendor No FRAI01
--------------------------	-------------------	--------------------------	---------------------



Invoice Number <u>CHKRG 091712</u>	Invoice Date <u>9/17/12</u>	Invoice Amount <u>100.00</u>
---------------------------------------	--------------------------------	---------------------------------

NMWD Comment <u>North Bay watershed Assoc meeting - 9/17</u>

Job Number	GL Account	Amount
	56001.01.11	<u>100.00</u>
<b>TOTAL</b>		<u>100.00</u>

## Renee Roberts

---

**From:** Rick Fraites [ricfraites@aol.com]  
**Sent:** September 15, 2012 3:40 PM  
**To:** Renee Roberts  
**Subject:** meeting compensation

Renee:

I am requesting the usual compensation for attending the September 7, 2012 meeting of the North Bay Watershed Association. The meeting was held at the Novato Sanitary District.

Thank you,

Rick Fraites  
[ricfraites@aol.com](mailto:ricfraites@aol.com)

# NORTH MARIN WATER DISTRICT CHECK REQUEST

(Check Request form to be used only when payee cannot provide an invoice or statement)

<b>PAYEE:</b> SCHOONOVER, JOHN <hr/> 1160 ROSALIA DR <hr/> NOVATO, CA 94947	<b>DATE</b> 10/2/12 <hr/> <b>TOTAL</b> <del>150.00</del> 100.00
--	--

**PURPOSE:** ~~DIRECTOR'S FEE LESS DEFERRED~~

LEVSD RW Dedication


**CHARGE TO:**

**DISPOSITION OF CHECK**

- MAIL TO PAYEE
- HOLD FOR
- OTHER

REQUESTED BY

APPROVED TO PAY BY

Prepared By C.F.	Accounting Review	POST DATE 9/12	Vendor No. SCH001	 NORTH MARIN WATER DISTRICT
---------------------	-------------------	-------------------	----------------------	--

Invoice Number	Invoice Date	Invoice Amount
CRRQ100212	10/2/12	<del>150.00</del> 100.00

NMWD Comment	DIRECTOR'S FEE LESS DEFERRED

Job Number	GL Account	Amount
	56001.01.11	<del>200.00</del> 100.00
	25212.01.11	<del>(50.00)</del>
<b>TOTAL</b>		<del>150.00</del> 100.00

# NORTH MARIN WATER DISTRICT CHECK REQUEST

(Check Request form to be used only when payee cannot provide an invoice or statement)

<b>PAYEE:</b> BAKER, JACK 425 CORTE NORTE NOVATO, CA 94949	DATE <u>10/2/12</u>  TOTAL <u>200.00</u> <u>100.00</u>
---	--

**PURPOSE:** ~~DIRECTOR'S FEE~~

LGUSD RW Dedication

**CHARGE TO:**

**DISPOSITION OF CHECK**

- MAIL TO PAYEE
- HOLD FOR
- OTHER

REQUESTED BY \_\_\_\_\_

APPROVED TO PAY BY \_\_\_\_\_

Prepared By <u>C.D.</u>	Accounting Review	POST DATE <u>9/12</u>	Vendor No. BAKE01
----------------------------	-------------------	--------------------------	----------------------



Invoice Number	Invoice Date	Invoice Amount
<u>CKRQ100212</u>	<u>10/2/12</u>	<u><del>200.00</del> 100.00</u>

NMWD Comment <u><del>DIRECTOR'S FEE</del></u>	

Job Number	GL Account	Amount
	56001.01.11	<u><del>200.00</del> 100.00</u>

TOTAL ~~200.00~~ 100.00

## DISBURSEMENTS - DATED OCTOBER 11, 2012

Date Prepared: 10/9/12

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 9/30/12	\$119,081.64
EFT*	US Bank	Federal & FICA Taxes PPE 9/30/12	44,286.32
EFT*	US Bank	State Tax & SDI PPE 9/30/12	8,318.13
1	Able Tire & Brake	Tires (8) ('99 Int'l Dump Truck-\$836, '91 Int'l 5yd Dump Truck-\$825, '93 F250-\$733) & Tire Repair (\$157) ('09 Backhoe)	2,550.93
2	Allied Electronics	RTU Jumper Bars	72.30
3	American Family Life Ins	September Employee Contrib for Accident, Disability & Cancer Ins	3,623.44
4	AT&T Mobility	Cellular Charges: Monthly (\$482) & Airtime (\$39)	520.73
5	AT&T	Telephone Charges: Leased Lines (\$274), Local (\$92) & Minimum (\$739)	1,105.89
6	Charles Asso, Leonard	Additional Wetlands Surveys/Analysis PT Reyes Well #3 Replacement Project (Bal Remaining on Contract \$60) & Prepare Environmental Documents for PR Water TP Solids Handling Project (Bal Remaining on	17,390.00
7	Cole-Parmer Instrument	pH Buffer, Potassium Iodide (\$201), Graduated Cylinders (4) (\$167), Max Lite Refill, Phosphate Buffer (\$75) & Sulfate Acid	537.95
8	Costco Wholesale	Food for Patio Picnic (\$185) & Cookies for Solar Dedication (\$20)	204.76
9	County of Marin	Fees to File Costal Development Permit Appl (\$7,200), Long Range Planning Surcharge (\$756) & CEQA (\$370) for PT Reyes TP Solids Handling Project	8,326.00

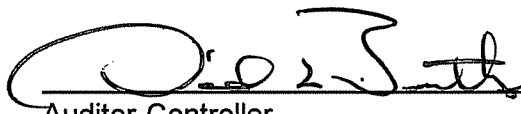
Seq	Payable To	For	Amount
10	CSW/Stuber-Stroeh Engineering	Prog Pymt #9: Reservoir Hill Tank Rehabilitation (Bal Remaining on Contract \$1,847) & Prog Pymt #16: Aqueduct Energy Efficiency Project (Balance Remaining on	13,359.70
11	De Gabriele, Chris	Exp Reimb: Sept Mileage	77.70
12	Digital Prints & Imaging	Vellum Paper (Lab-\$125 & Eng-\$263)	388.22
13	Engelke Construction	Prog Pymt #1: Leveroni Creek Bank Stabilization (Balance Remaining on Contract \$7,250)	65,250.00
14	Environmental Resource Assoc	Annual Performance Evaluation Samples (Lab)	657.69
15	Farwest Corrosion Control	Cott Big Finks (Cathodic Protection Test Station) (4)	119.48
16	Fisher Scientific	Phosphorus Standard (Lab)	53.05
17	Golden Gate Petroleum	Gasoline (\$4.11/gal) & Diesel (\$4.41/gal)	3,653.82
18	Hall Dump Truck Service	Remove Dirt Spoils from District Yard & Broken AC from District Yard (380 yds)	6,460.00
19		Vision Reimbursement	329.46
20	HydroScience Engineers	Engineering Services: Design & Prepare Specifications for PT Reyes TP Solids Handling Addition (Bal Remaining on Contract \$4,930)	2,660.00
21	Interstate Battery	Battery ('94 GMC C1500)	98.43
22	Irish & Sons Welding	Claim Settlement-Reimbursement for Cost to Repair Damage to 1-Ton Truck Incurred on Jobsite Allegedly Caused by District Employee	1,364.37
23		Vision Reimbursement	366.00
24	Kelly-Moore Paint	Paint (RW-\$33, Solar/RTU Mounting Pole -\$38 & RW So Svc Area Phs 1b-\$65)	136.29
25	Kemira Water Solutions	Ferric Chloride (9.36 tons) (STP)	6,922.47
26	Larsengines	Engine Stop Switch	15.42
27		Cafeteria Plan - Childcare Reimbursement	208.33
28	Marin Landscape Materials	Concrete (5yds)	712.30

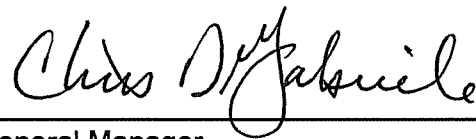
Seq	Payable To	For	Amount
29	Marin Reprographics	Toner Cartridge (Eng)	237.62
30	McLellan, WK	Misc Paving: Novato Area (500.75 S.F.)	3,521.95
31	North Marin Auto Parts	Stop/Turn Lights (\$104) ('02 Int'l 5yd Dump), Air Hose (\$74), Air Brake Assembly, Air Tool Hose Lead, Brass Nipple, O-Rings, Air Filters (5) (\$200), Oil Filters (4) (\$33), Hose Couplers (6), Hose Ferrules (4), Bolts, Gas Caps (2), Oxygen Sensor, Emergency Flasher, Plug for Lab Drain, Self Tapping Screen, Power Inverter (\$98) ('02 Chevy 1-ton P/U), Jumper Pack (\$324), Fuel Hose (2), Heater Hose, Fuse, 1,000 Watt Power Inverter (\$176) ('08 F350), Battery Cable (2), Fuse Pac, Block, Connector, Wiper Blades (2) & Premium Oil (7qts)	1,180.46
32	North Bay Gas	Nitrogen (\$523) (STP), Band Saw Blades for Cutting Valve Riser Pipe (\$194) & September Cylinder Rental (\$308)	1,024.58
33	Novato Builders Supply	Lumber (\$46), Nails (2 lbs), Metal Form Stakes (28) (\$91) & Rebar (\$33)	201.87
34	Novato Disposal Service	Sept Trash Removal	413.20
35	Pace Supply	Ells (8) (\$320), Nipples (8) (\$47), Tapping Sleeve (\$728), Bolts (95) (\$207), Box Lid (\$149), Bushing, Reducers (12) (\$61), Tee, Valves (5) (\$276), Coupling (\$116) & Flanges (16) (\$374)	2,430.50
36	PERS Retirement System	Pension Contribution PPE 9/30/12	44,795.79
37	Peterson Trucks	Air Brake Hose, Brake Hose Fittings (\$69), Warning Buzzer (\$38) & Lower Seat Cover	236.93
38	Pini Hardware	Plastic Brush Handle, Hose Adaptor, Conduit, Plumbing Fittings (\$98), Sealant & Ball Valve	142.66
39	Randall Bros. Automotive	Annual Smog Inspections (9)	441.75
40	Shirrell Consulting Services	October Dental Ins Adm Fee	299.45
41	Shirrell Consulting Services	August Dental Expense	13,406.00
42	Sierra Chemical	Chlorine (2 tons)	1,013.33
43	Sonoma County Water Agency	NBWRA Phase 1 Support/Joint Use	102,541.00



<u>Seq</u>	<u>Payable To</u>	<u>For</u>	<u>Amount</u>
44	Mark Thomas & Company	Permit Applications for Connector Segments (Marin Sonoma Narrows, Seg B3 Project) (Balance Remaining on Contract \$380)	4,620.00
45	United Parcel Service	Delivery Services: RW So DBE & GFE Docs for Phs 1a & 1b, RW So Phs 2 & Returned OM Algae Control Unit	62.91
46	URS	Prog Pymt #7: Construction Management Services for Recycled Water South Project (Bal Remaining on Contract \$312,063)	44,659.75
47	U.S. Postal Service	Meter Postage	1,000.00
48	Verizon California	Telephone Charges: Leased Lines (\$928) & Min (\$42)	969.89
49	Verizon Wireless	Sept CIMIS Station Data Transfer Fee (2)	23.28
		<b>TOTAL DISBURSEMENTS</b>	<b><u>532,073.74</u></b>

The foregoing payroll and accounts payable vouchers totaling \$532,073.74 are hereby approved and authorized for payment.

 10/9/12  
 Auditor-Controller Date

 10/9/2012  
 General Manager Date

## MEMORANDUM

To: Board of Directors  
From: David L. Bentley, Auditor-Controller  
Subj: Self-Insured Workers' Comp – 1st Quarter Status Report  
t:\ac\word\personnel\wc\self ins status 0912.docx

October 12, 2012

**RECOMMENDED ACTION: None**

**FINANCIAL IMPACT: Cumulative Savings of \$113,000**

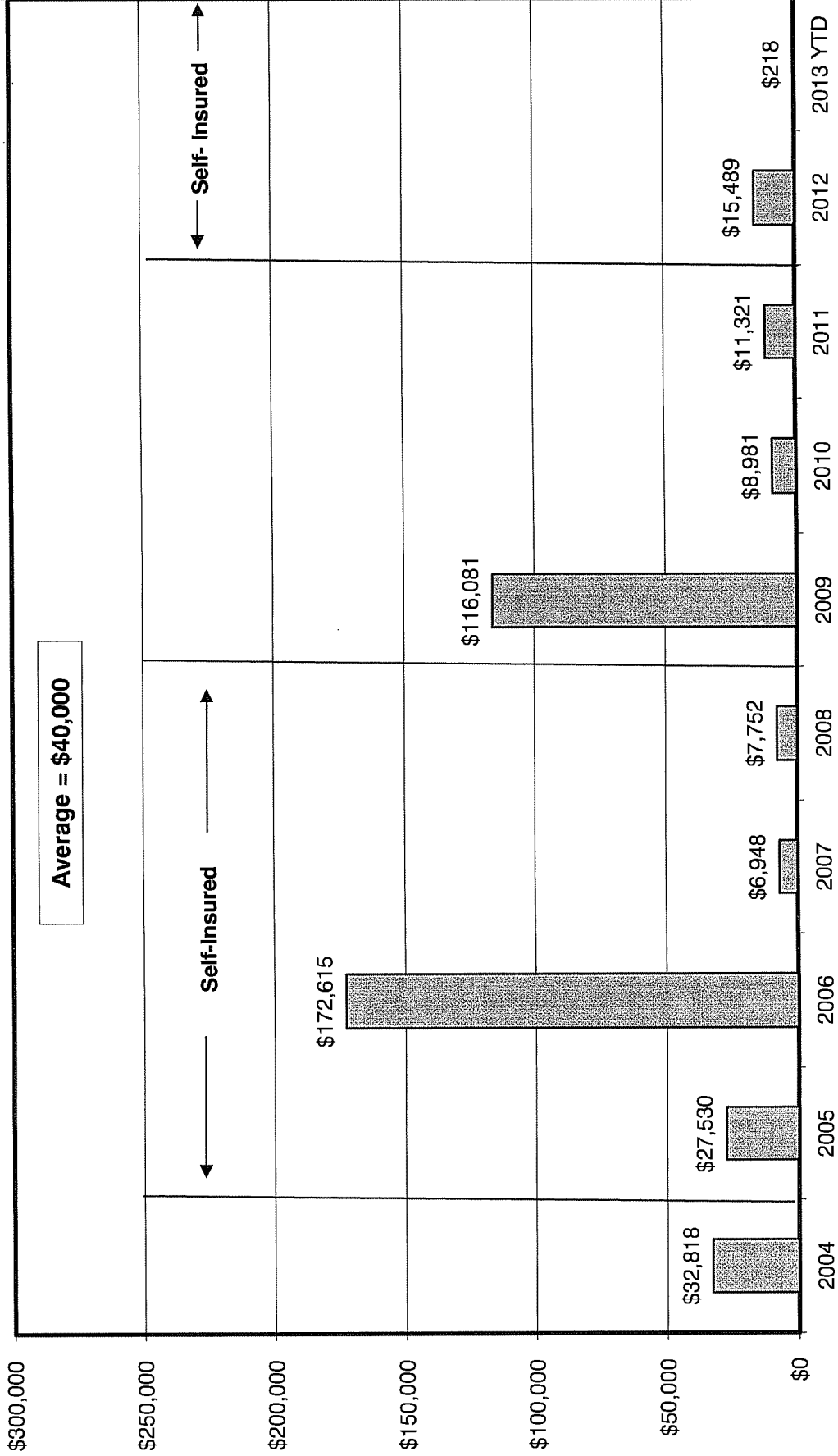
The District returned to self-insuring its workers compensation liability effective July 1, 2011, after the low-cost proposal for first-dollar workers' compensation coverage increased 20% over the prior year, to \$159,000. During FY12 two claims were incurred. Total medical and indemnity cost came to \$15,489, which amount includes a \$5,500 reserve for future medical. The cost to self-insure during FY12 was \$73,035, providing a savings of \$85,965 compared to purchasing standard coverage.

We were unable to obtain a quote for first-dollar workers' compensation insurance for FY13, however our broker advised that they are seeing premiums increase 6.5% on average, which would render an annual premium of \$169,000. During the first quarter of FY13 only one minor claim was incurred, which was closed for \$218. Cumulative savings for the first five quarters of self-insurance total \$113,056. This money has been set-aside in a reserve for future claims.

Attached are charts showing a 10-year history of annual claims cost (average \$40,000 per year) and 10-year history of claims frequency (average 10 claims per year).

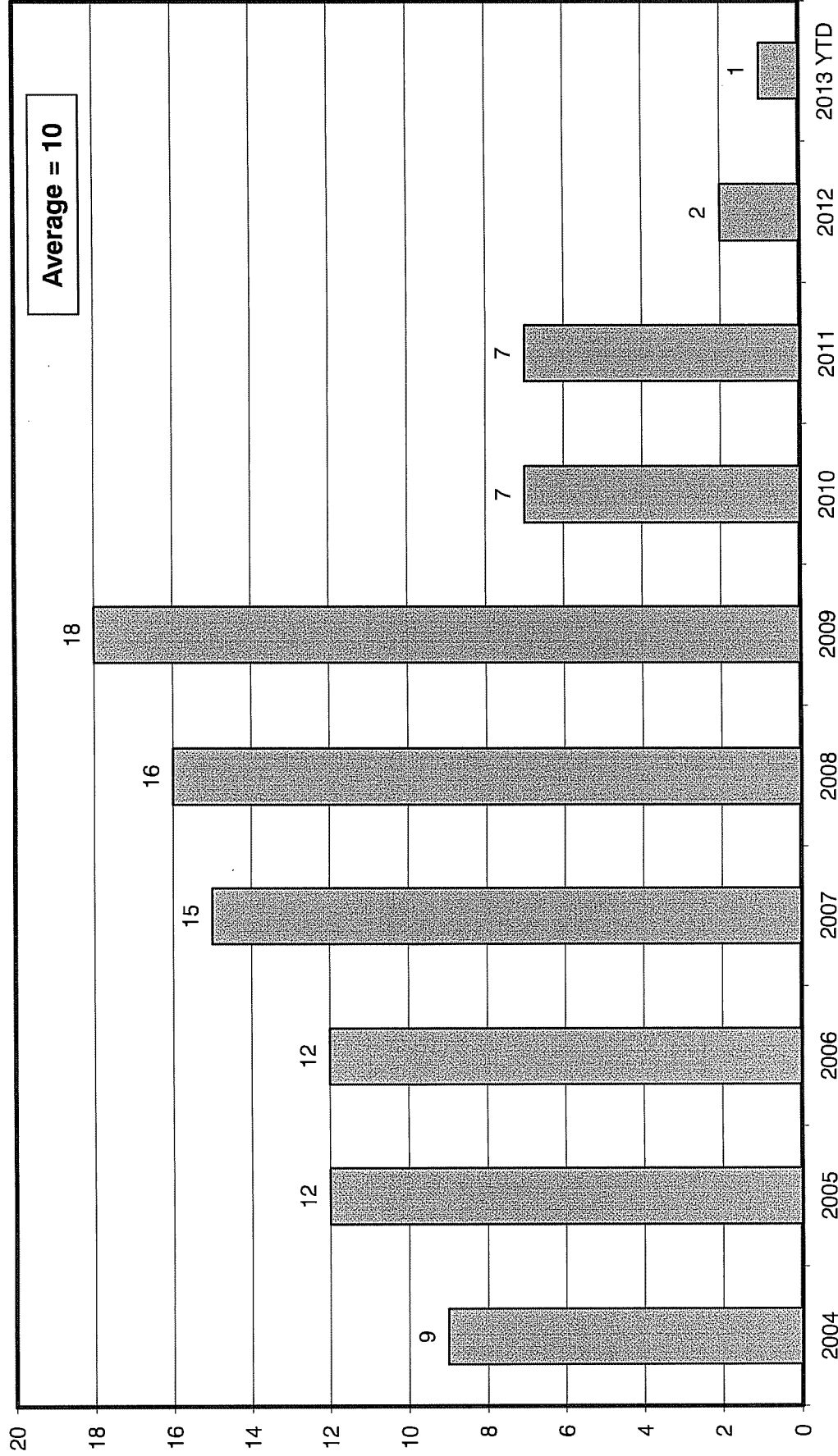
	FY12	FY13 Thru 9/30/12	Cumulative
Premium Avoided	\$159,000	\$42,250	\$201,250
<b>Self-Insured Costs</b>			
Medical/Indemnity Claims	(15,489)	(218)	(15,707)
Third Party Administration	(12,000)	(3,000)	(15,000)
Excess Policy	(45,546)	(11,941)	(57,487)
Legal/Miscellaneous	0	0	-
Net Savings	<u>\$85,965</u>	<u>\$27,091</u>	<u>\$113,056</u>

# Workers' Compensation Claim Cost by Year Injury Incurred 10 Year History




Fiscal Year Ending June 30

### Workers' Compensation Claims Filed - Frequency 10 Year History



Fiscal Year Ending June 30

**MEMORANDUM**

To: Board of Directors  
 From: Dianne Landeros, Accounting Supervisor   
 Subject: Information: Scrap Metal Receipts  
t:\finance\memos\bod scrap metal receipts fy12.doc

October 12, 2012

**RECOMMENDED ACTION:** None  
**FINANCIAL IMPACT:** \$12,426 Receipts

Periodically, staff sells scrap aluminum, copper, iron, and brass to recyclers of metal materials. The following table shows what scrap metals were sold last fiscal year ended June 30, 2012 and the amount the District received for them.

Date	Description	Amount Received
12/13/11	<i>Steel Mill Supply of Napa</i> 1,426 lbs. Copper <sup>1</sup> (\$2.25/lb) 278 lbs. Brass <sup>2</sup> (\$1.40/lb) 3,600 lbs. Dirty Brass <sup>3</sup> (\$0.50/lb) 188 lbs. Insulated #3 Wire (\$0.75/lb) 12,320 lbs. Iron <sup>4</sup> (\$0.12/lb) 20 lbs. Aluminum Wheel (\$0.50/lb) 12 lbs. Electric Motor (\$0.15/lb)	\$7,028.90
12/15/11	10,580 lbs. Iron <sup>4</sup> (\$0.12/lb)	\$1,317.60
3/13/12	7,882 lbs. Iron <sup>4</sup> (\$0.13/lb) 20 lbs. Insulated #3 Wire (\$1.00/lb) 502 lbs. Brass <sup>2</sup> (\$1.60/lb) 584 lbs. Dirty Brass <sup>3</sup> (\$1.00/lb) 12 lbs. Old Radiator (\$0.20/lb) 382 lbs. Copper <sup>1</sup> (\$2.75/lb)	\$3,484.50
5/16/12	4,580 lbs. Iron <sup>4</sup> (\$0.13/lb)	\$595.40
	<b>TOTAL FY12</b>	<b>\$12,426.40</b>

<sup>1</sup>Copper was comprised of used pipe pieces pulled from the ground and short pieces of new pipe.  
<sup>2</sup>Brass was comprised of old water meters.  
<sup>3</sup>Dirty brass was old check valves.  
<sup>4</sup>Iron was old metal scrap iron, valves, fittings, brake rotors, fire service lids

## Marin wants to keep invasive mussels out of water supply

Posted:

marinij.com

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Keeping invasive mussels out of the local reservoirs on Mount Tamalpais and from clogging supply lines is a concern for the Marin Municipal Water District.

The agency's board has voted to join the North Coast Zebra and Quagga Mussel Consortium, a regional group dedicated to preventing the spread of the mussels into local waterways.

Eradication methods have yet to be identified for the non-native mussels. Once the mussels appear in a water supply system, there are no options other than containment and continual management, water officials said. San Diego County now spends more than \$1 million a year to keep water transmission lines and intake valves unclogged.

While the Marin water agency is at relatively low risk of infestation because the district does not allow recreational boating, there are opportunities for the mussels to arrive. Boats operated by contractors and researchers do enter water district waters, and district watercraft do occasionally enter waters in locales outside of Marin, officials said.

"We want to support our region in preventing the spread of mussels because they do so much damage," said Libby Pischel, water district spokeswoman. "And we do have some risk ourselves."

Zebra and quagga mussels infest new water bodies when they are inadvertently transported. Adult mussels can survive out of water on boat hulls and trails for days or even weeks. Microscopic larvae can survive in bilge water or water-saturated equipment for several days. They can also come in on unsterile equipment including anchors, fishing lines, traps, pumps and wiring.

The mussels first arrived from Europe in the 1980s and spread to many water bodies in the East, Midwest and now to the West, including Southern California.

Gov. Jerry Brown signed into law AB 2443 to help control the spread of the invasive mussels by imposing a prevention fee on freshwater boat registrations.

"We are grateful that the effort to stop the spread of invasive quagga and zebra mussels here on the North Coast has become law across the state," said Mike McGuire, Sonoma County Water Agency director and Sonoma County supervisor.

Contact Mark Prado via email at [mprado@marinij.com](mailto:mprado@marinij.com)

## New Novato water recycling plant makes a splash

Posted:

marinij.com

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As water flowed through a purple pipe into a series of filters, a crowd of workers and officials gathered at the Novato Sanitary District on Thursday to dedicate its new \$6 million recycling plant.

The 1.7-million-gallon recycling center will treat wastewater from the community, and underground pipes installed by the North Marin Water District will take the water to landscapes including those of Fireman's Fund Insurance Co. in Novato. The two public agencies are partners in the project, financed by state and federal grants as well as ratepayer money.

"We will be making better use of our resources now," said Bill Long, chairman of the Novato Sanitary District board, to the crowd of about 100 that spilled out of the white tent set up for the occasion.

"There is more to do in the future, but this is a big step for the community," he said. Long said the ultimate goal is to eliminate all discharge of wastewater to San Pablo Bay.

"Reusing treated wastewater from homes and businesses makes good sense because it saves Novato's fresh drinking water for other important purposes and reduces the need for additional wastewater storage," said Beverly James, the sanitary district's general manager-engineer, speaking over the low hum of the plant's air compressor.

The plant will save Novato 150 million gallons of water a year, enough to supply about 1,400 single-family homes for a year. It will provide what is known as tertiary treatment. When someone flushes a toilet in Novato, the wastewater travels to the Novato Sanitary District's sewage treatment plant, where it receives primary and secondary treatment.

For some time, the district has had facilities that take raw sewage and treat it to the point that it is safe to put in the bay or use for pastures. The new plant takes that water and filters and disinfects it so it is safe to use in places like golf courses and country clubs for irrigation.

Water in those locations must be cleaner because, for example, a sprinkler might go off and douse a visitor, James said.

This is the second launch of a water recycling plant in Marin in less than three weeks. A plant that pumps water from San Rafael's Las Gallinas Valley Sanitary District to irrigate schools, parks and fields in Novato was dedicated Sept. 25.

Contact Janis Mara via email at [jmara@marinij.com](mailto:jmara@marinij.com). Follow her at [Twitter.com/jmara](https://twitter.com/jmara).

## **Berg sworn in as new Novato chief of police**

*Posted:*

marinij.com

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Jim Berg, a veteran of 27 years of service as a law enforcement officer in Novato, was formally sworn in as Novato's chief of police on Tuesday. Novato's City Council held a brief ceremony for Berg including a welcome from City Manager Michael Frank and remarks from council members. Novato Mayor Denise Athas praised Berg's institutional knowledge, saying, "congratulations on a job well done." Citing the importance of community policing, the chief said, "we are faced with challenges and we will face them together." Berg was chosen by Frank to replace former chief Joseph Kreins, who retired in July. The new chief had served in an interim capacity since then.



BOD  
MISC

## Novato hires economic development manager

Posted:

marinij.com

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A \$122,000-a-year executive has been hired to boost economic development in Novato.

City Manager Michael Frank said Chris Stewart will serve as economic development manager to "restart the city's economic development efforts which were halted due to the loss of redevelopment funding and staff earlier this year."

Frank, noting the post was authorized by the City Council using funds from Measure F, the city's 2010 half-cent sales tax increase, said, "I am confident that Chris will successfully reinvigorate our efforts by encouraging a variety of community perspectives and ultimately develop a shared vision for a prosperous, sustainable Novato."

Stewart, 62, has headed economic development agencies in Los Angeles, and in Merced and Kern counties, and most recently worked as a consultant. He was an aide to Fireman's Fund's CEO three decades ago when the company moved its headquarters from San Francisco to Novato, but had no role in the decision.

"I am very impressed with what Novato has done in terms of urban planning," Stewart said from his home in Toluca Lake near Los Angeles. "It really has maintained a small-town feel."

"I hope to bring in new businesses and help existing ones," he added.

He begins work Monday and will move to Novato with his wife, Yasmin.

Contact Nels Johnson via email at [ij.civiccenter@gmail.com](mailto:ij.civiccenter@gmail.com). Follow him at [twitter.com/nelsjohnsonnews](https://twitter.com/nelsjohnsonnews)

## Settlement OK'd ending lawsuit over Russian River gravel mining

By *BRETT WILKISON*  
THE PRESS DEMOCRAT

Published: Tuesday, October 2, 2012 at 6:18 p.m.

Two environmental groups have agreed to drop their lawsuit challenging a large, planned gravel mine in the Russian River in exchange for some near-term reductions in the level of instream mining and more input on annual operations.

The settlement was announced Tuesday following its approval by the Sonoma County Board of Supervisors. It will allow Syar Industries of Napa to go forward with its project, which would remove gravel along a 6.5-mile stretch of river in the lower Alexander Valley outside of Geyserville.

Syar officials welcomed the deal in a joint statement released with the two environmental groups behind the lawsuit, Russian Riverkeeper of Healdsburg and the Redwood Empire chapter of Trout Unlimited.

"We are pleased that we were able to resolve concerns rather than spend more time litigating," John Perry, Syar's vice president of engineering, said in the statement.

The Board of Supervisors unanimously approved the project in December 2010.

But river advocates argued the level of mining proposed — up to 350,000 tons of gravel annually for 15 years — would harm the river, its beleaguered salmon and steelhead populations and riverside landowners. Safeguards to prevent such impacts were inadequately addressed in the county's environmental review, the two conservation groups claimed in their lawsuit, filed in January 2011.

The groups had pressed for a new environmental review, and for the project's approval to be set aside and any pending or current work halted.

Under the settlement, the lawsuit will be dropped provided Syar and the county meet a number of measures. Those include a three-year reduction in the gravel to be mined from river bars, to a maximum of 175,000 tons a year, with an additional 40,000 tons per year linked to work strictly on habitat improvements; more detailed annual monitoring and county oversight that allows for input by river advocates and landowners; and the mutual formation of a scientific review team to guide ongoing decisions about the mining project. Syar has agreed to pay the environmental groups \$30,000 to hire their own consultants to participate on the scientific team.

The deal resulted from more than a year and a half of negotiations that Don McEnhill, executive director of Russian Riverkeeper, described as "very difficult and often contentious." He credited Syar officials and county representatives for their willingness to forge what he called "tighter more transparent oversight" of the project.

"As the mining occurs, we're hopeful going forward that with this settlement we'll be able to protect the Russian River and the native fish and wildlife that rely on it," McEnhill said, echoing his written statement.

The Syar project was one of three disputed land-use projects approved by the Board of Supervisors in late 2010. The other two, which were approved on 3-2 votes, were the Roblar Road rock quarry west of Cotati and the Dutra Materials asphalt plant



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south of Petaluma. They also prompted legal challenges from opponents concerned about environmental impacts.

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The lawsuit against the Dutra plant is before a state appellate court. The Roblar quarry case is also headed to the appellate level, following a local judge's ruling in August that sided with quarry opponents on several core claims.

As part of its original application with the county, Syar agreed to pay county costs stemming from a legal dispute. County Counsel Bruce Goldstein did not have that figure immediately available Tuesday.

You can reach Staff Writer Brett Wilkison at 521-5295 or [brett.wilkison@pressdemocrat.com](mailto:brett.wilkison@pressdemocrat.com).

*BTD MISL*

# USA TODAY analysis: Water costs gush higher

## WATER COSTS GETTING MORE EXPENSIVE

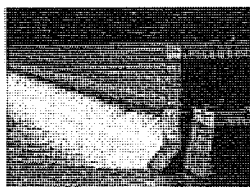
A USA TODAY survey of 100 municipalities found residential water bills in at least one in four places have doubled in the past 12 years:

Sources: Black & Veatch, Raffetis Financial Consultants and USA TODAY research of municipal water data; Energy Information Administration, Bureau of Labor Statistics, and USA TODAY research

By Kevin A. Kepple, Denny Gainer, Joan Murphy, Doug Carroll, Kevin McCoy, Oliver St. John and Tom McGarity, USA TODAY

Kevin McCoy, USA TODAY

*A USA TODAY study of residential water rates over the past 12 years finds that crumbling infrastructure is forcing repairs from coast to coast, with costs more than doubling in 1 of 4 localities.*



*(Photo: Robert Deutsch, USA TODAY)*

**5:58AM EST September 29, 2012** - While most Americans worry about gas and heating oil prices, water rates have surged in the past dozen years, according to a USA TODAY study of 100 municipalities. Prices at least doubled in more than a quarter of the locations and even tripled in a few.

Consumers could easily overlook the steady drip, drip, drip of water rate hikes, yet the cost of this necessity of life has outpaced the percentage increases of some of these other utilities, carving a larger slice of household budgets in the process.

"I don't know how they expect people to keep paying more for water with the cost of gas and day care and everything else going up," complains Jacquelyn Moncrief, 60, a Philadelphia homeowner who says the price hikes would force her to make food-or-water decisions. She gathered signatures on a petition opposing a proposed water rate increase in her city this year.

USA TODAY's study of residential water rates over the past 12 years for large and small water agencies nationwide found that monthly costs doubled for more in 29 localities. The unique look at costs for a diverse mix of water suppliers representing every state and Washington, D.C. found that a resource long taken for granted will continue to become more costly for millions of Americans. Indeed, rates haven't crested yet because huge costs to upgrade or repair pipes, reservoirs and treatment plants loom nationwide.

**VIDEO:** [Water bills rising quickly in the USA \(http://beta.usatoday.com/videos/money/personalfinance/2012/09/28/1599729/\)](http://beta.usatoday.com/videos/money/personalfinance/2012/09/28/1599729/)

In three municipalities — Atlanta, San Francisco and Wilmington, Del. — water costs tripled or more. Monthly costs topped \$50 for consumers in Atlanta, Seattle and San Diego who used 1,000 cubic feet of water, a typical residential consumption level in many areas. Officials in the three municipalities and elsewhere, however, say actual consumption is often lower. But conservation efforts counter-intuitively may raise water rates in some localities.

The trend toward higher bills is being driven by:

- The cost of paying off the debt on bonds municipalities issue to fund expensive repairs or upgrades on aging water systems.
- Increases in the cost of electricity, chemicals and fuel used to supply and treat water.
- Compliance with federal government clean-water mandates.
- Rising pension and health care costs for water agency workers.
- Increased security safeguards for water systems since the 9/11 terror attacks.

### Higher rates still ahead

The costs continue to rise even though residential water usage dropped sharply nationwide in the past three decades amid conservation efforts.

U.S. water systems will need as much as \$1 trillion in infrastructure improvements by 2035 to keep up with drinking water needs, according to a survey of industry experts released in June.

The bond debt needed to fund those projects' work will be passed on to consumers, including the many Americans struggling with the economic fallout of the great recession.

A virtually irreplaceable resource that Americans rely on for health and daily living "could potentially get more and more expensive," says John Chevrette, who heads the management consulting arm of Black & Veatch, the firm that conducted the industry survey.

He predicts rate increases of 5% to 15% every few years, saying the cost of water "could take a larger and more significant bite out of otherwise disposable income."

"You're talking about greater than inflationary costs," says Doug Scott, managing director for Fitch Ratings, which similarly projects 5% annual rate increases among the many water and sewer agencies his company tracks.

Some water agencies, including Philadelphia, have special water programs to help cut costs for those with low incomes. Even so, the economic forecasts frighten Moncrief, a single mother who bought her home in Philadelphia's Mount Airy neighborhood decades ago, and now lives there on a disability income.

The monthly cost of 1,000 cubic feet of water in her hometown has jumped 164%, to \$39.22, since 2001. Even when the costs were lower, Moncrief says at times she had to work out installment payments with the Philadelphia Water Department.

Testifying at a July hearing in an ongoing water rate increase proceeding, Ruth Bazemore said she and other Philadelphia senior citizens were astounded that the city's water commissioner proposed hikes that would "increase our bills by almost 30% in less than three years."

Community opposition prompted a tentative settlement that would save consumers at least \$80 per year from the ultimate cost of the city's original proposal, says Robert Ballenger, a Community Legal Services attorney who represents the public in the Philadelphia rate hike proceeding.

Bazemore, a representative of the Action Alliance of Senior Citizens of Greater Philadelphia, says even a lower increase "would be difficult for a lot of people to pay."

Efforts to compare water costs of any given area with another produce misleading or even false results, because of differences in population, geography, geology, bonding debt for infrastructure work and other variables. However, what most water agencies across the nation share is increasing costs that make higher bills all but inevitable.

In Baltimore, where water costs are up 140% since 2001, the public works agency in the last decade completed a \$65 million upgrade of the water system's Ashburton Filtration Plant.

After a series of major water main breaks in 2009, the city made plans to speed the pace of pipe cleaning, relining and rehabilitation work to 40 miles per year, a five-fold increase. The cost? About \$300 million over five years, says agency spokesman Kurt Kocher.

At the same time, Baltimore, like water systems nationwide, was forced to implement costly security upgrades at its facilities. "It's not the world of 1990. It's the post-9/11 security world we have to deal with," says Kocher.

#### 'A race against time'

In San Francisco, the monthly cost of 1,000 cubic feet of water jumped nearly 211% since 2001 as the city's regional water system ended a seven-year rate freeze and began a massive, five-year infrastructure improvement program.

Harlan Kelly Jr., the system's assistant general manager for infrastructure, says the work was vital because the freeze had left little funding for expanding and strengthening the system that serves more than 30 cities and 2.6 million people in the Bay Area.

A 2002 city economic study warned that the Bay Area would suffer a \$30 billion economic hit if an earthquake severely disrupted the water network for two months. The California Division of Safety of Dams delivered an even more immediate warning in 2001, deeming the Calaveras Dam seismically unsafe. That forced the San Francisco Public Utilities Commission to drain the reservoir created by the dam to a third of its normal level, significantly reducing the system's water storage.

"I think everyone realized this work was needed," says Kelly. "It's a race against time. Here in California, it's not if, it's when" the next major earthquake will hit.

Consumers have little choice but to pay for infrastructure improvements and repairs to the nation's often aging water systems, says Scott, the Fitch Ratings executive.

If they don't, water mains and other parts of the systems "will break, and the breaks will be catastrophic. It would be the equivalent of somebody not replacing their water heater when it is leaking, and then having it fall from the attic and tear up their entire house."

Municipal water systems typically fund major repairs and other infrastructure work by issuing bonds that are repaid over time. The annual cost of paying off debt servicing those bonds is passed on to consumers in higher rates.

The financial impact is already being felt. Fitch Ratings showed water agencies' debt per customer rose from \$1,012 in 2006 to \$1,611 in 2011.

Diane Clausen, a Seattle Public Utilities official, says her agency has outpaced many other municipal water suppliers by working to place protective coverings over reservoirs, building a filtration plant on one major water source and installing an ultraviolet treatment facility on another major source.

"We've pretty much done our major capital projects," says Clausen. "The debt service on those are included in the rates that our customers pay, so the rates for us, we believe, would tend to be higher than the rates for other utilities that aren't as far along in their infrastructure development."

Similarly, Atlanta officials say their rates — up 233% since 2001 for monthly usage of 1,000 cubic feet of water — partly result from \$1.3 billion in spending to upgrade the city's water supply system in compliance with federal clean water mandates.

### **Conserving, yet costs still rise**

Unique geographic conditions and other circumstances can also raise costs. In Augusta, Maine, the monthly cost of 1,000 cubic feet of water has topped \$40 since 2000. That's partly because the city has a small base of approximately 5,800 mostly residential customers and lacks major industrial customers that would help share the cost, says Brian Tarbuck, general manager of the Greater Augusta Utility District.

"Coupled with our 10 storage tanks, deep frost conditions — pipes are literally 'six feet under' to avoid freezing — low (number of) customers per mile of pipe and lots of granite and hills, it gets expensive," says Tarbuck.

U.S. homeowners who reduce their water consumption in an effort to save money can cut their costs. But they may end up raising the rates they're charged. Why? Because water suppliers collect less income as consumption drops, but ongoing costs — such as bonding debt, salaries and chemicals — either increase or, at best, remain stable.

A 2010 report by the Water Research Foundation, a non-profit organization that studies drinking water issues, concluded that residential usage per customer dropped more than 380 gallons annually in the last 30 years, a changing era when conservation became more prevalent. Compounded over time, the report says the trend implies that a customer would have used 11,673 fewer gallons in 2008 than an identical customer in 1978, a 13.2% decline.

As a result, many water agencies have been forced to raise rates.

"When we explain that part of the reason you're paying more is because you're using less, that doesn't go over real well with a lot of people," says Joseph Clare, the Philadelphia Water Department's deputy commissioner for finance and administration.

The 2012 drought that continues to hold roughly half the nation in its grip has also had an impact on some water rates. In March, the Midland, Texas, City Council unanimously imposed a five-fold price increase on water customers who use more than 10,000 gallons per month, which surpasses consumption for a typical family.

In El Paso, the drought cut the city's ability to draw from the Rio Grande River, the source for about half the area's water. To help make up for the loss, El Paso Water Utilities for about 15 days in late May and early June ran its water desalination plant at its full 27.5 million gallons-per-day capacity, making brackish groundwater fit for drinking, said Christina Montoya, an agency spokeswoman.

"This is the first time that's ever happened," she said.

Although Scott and others expect increases in water costs around the nation to remain both regular and high, the good news is that the dollar costs are still relatively low in many municipalities.

"It's going to be a pretty good bargain for the foreseeable future," Scott says.

Try telling that to Americans hard pressed by the still sluggish economy, including low-income residents and senior citizens living on fixed incomes.

### **Something has to give**

Philadelphia homeowner Moncrief, who delights in watering her garden into bloom, says she understands her city's water agency faces higher costs for water system projects. That includes the \$50 million construction of a 5-million-gallon storage tank to prevent storm sewers from overflowing into the Schuylkill River — source of about 42% of local drinking water.

But she says higher rates — even those under the tentative compromise in the Philadelphia water rate increase proceeding — would make it harder for her to pay "my medical costs ... co-pays for medication," upkeep of her home, even food.

"It's been quite stressful just trying to budget. How am I going to maintain all these things on a fixed income that's not going to increase?" said Moncrief, who adds that she's cut back on hot baths and takes shorter showers.

Responding to that type of consumer concern, some municipalities have tried to limit or delay rate increases. For instance, Antioch, Calif., officials in May opted to defer some capital spending and use the savings and other measures to delay previously announced plans for an 8% water rate increase.

Clare, Philadelphia's deputy water commissioner, notes that his agency held rates stable from 1993 until 2001. But, ultimately, costs had to go up to maintain crucial water supply and delivery systems, he says.

"It's going to be a hardship for me; I think it's going to be a hardship for a lot of people," says Moncrief. "But there's a greater sense of hope and possibility ... when you know the increase is not going to be as high" as originally proposed.

"I may not be able to eat meat five days a week, but maybe I can eat meat three days a week."

Contributing: Oliver St. John, Tom McGarrity

## ABOUT THIS REPORT

### How project was done

To document the rising cost of drinking water, USA TODAY started by obtaining periodic municipal water-cost surveys conducted since 2000 or 2001 by Black & Veatch and Raftelis Financial Consultants, private firms that advise water agencies on financial issues. USA TODAY verified those companies' data with each municipality and also gathered 2012 costs from the localities. Reporters then independently collected the same information from dozens of other municipalities to cover 100 in all, spanning all 50 states and Washington, D.C.

### More about the data

Local water costs vary widely because of geography, climate, population, a water company's borrowing costs and other factors. That makes it virtually impossible to compare one city's water costs to another's. For its survey, USA TODAY defined a typical household as one using roughly 7,500 gallons (1,000 cubic feet) a month and having a meter size of about 5/8 inch, or the closest equivalent. Actual average consumption may vary. Weighted averages were used for locations where rates change seasonally. The percentage change in rates shown is based on the change from 2000 or 2001, depending on the location.



*Bob Misk*

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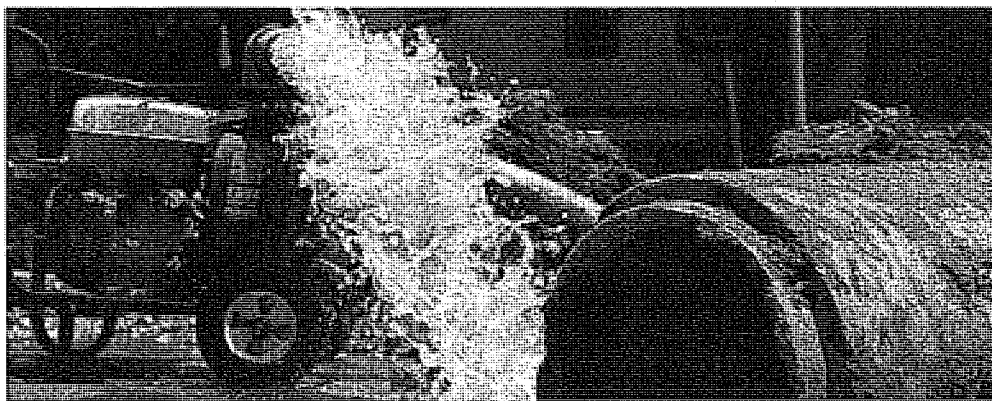
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**THE WALL STREET JOURNAL.**

[WSJ.com](http://WSJ.com)

October 8, 2012

# Are We Better Off Privatizing Water?



Associated Press

More and more communities have shifted control of public water utilities to private companies in recent decades. A combination of forces is at work: shrinking public revenue, looming costs for long-overdue capital improvements, and a widening perception that private operators run systems more efficiently.

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Most Americans still get their household water from a public-owned-and-operated service. But nearly 73 million people now are served with help from a private company, according to a 2011 report by the National Association of Water Companies.

From the consumer's perspective, privatization's results have been mixed. In some cases, cities have retaken control of their water services. And not every private provider has delivered on promises of reduced rates. But to governments strapped for cash, the option is seen as

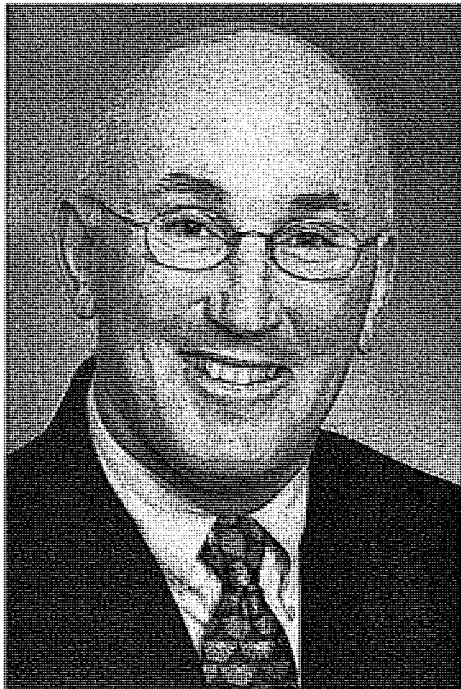
increasingly attractive.

Here, two policy experts exchange views on what is best for our communities. Richard G. Little is a senior fellow at the Sol Price School of Public Policy at the University of Southern California. Wenonah Hauter is the executive director of Food and Water Watch, an advocacy group for food and water quality.

*Yes: We Need the Investment*

**By Richard G. Little**

Our nation's aging drinking-water systems will require staggering amounts of investment in the coming decades—as much as \$1 trillion over the next 25 years, the American Water Works Association estimates.



USC Price School of Public Policy

Richard G. Little

As things stand now, this burden will fall mostly on the public water utilities that serve about 80% of the U.S. population.

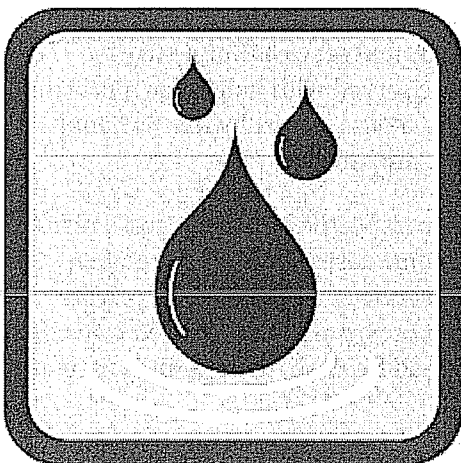
But these bodies don't have the money to pay such bills. Many of them already have put off necessary improvements for years due to insufficient public funding. And there is little chance of meaningful federal aid, given the national focus on debt reduction.

The root of the problem is the artificially low rates the public utilities have charged for years. These rates, kept low for political purposes, don't come close to supporting the long-range capital investment we would expect of any well-run business. Indeed, given the enormous backlog of investment needed, perhaps a little "gold-plating," as my opponent calls it, is long overdue.

**Rates With a Purpose**

Broadly speaking, a privatized utility can be expected to charge rates that not only cover costs but also encourage investment, innovation and technological advancement. With privatized water, there is a new emphasis on fiscal

responsibility—and measurable efficiency gains. This has been documented repeatedly in credible studies by objective academic researchers using real-world data.



The Wall Street Journal

Is privatization the solution in every case? Of course not. We must strive to find what works best for the customers in a specific situation. Mismanagement is not a problem limited to private operators, just as good management is not intrinsic to public systems.

But private management can be successful much more often than its critics would like to believe. Private-sector managers focus on the cost of service and return on capital. The new and innovative technologies in which they invest may have a higher initial cost, but they offer savings, too, which can be shared with customers while improving service and quality. Privatization offers economies of scale wherein a single company can provide the financial and human resources to serve many small

systems in a far more cost-effective manner.

Government-owned enterprises, by contrast, often don't have rate structures that reflect the true cost of the service. Thus many small publicly owned water utilities lack the means not only to make

capital investments but also to hire the professional staff needed to meet increasingly stringent water-quality standards.

Critics say private enterprise's desire for profits leads directly to overcharging (particularly of the poor), deterioration of service, and a loss of public input and transparency. In practice, however, this is not the case.

### **Years of Neglect**

While it is true that rates often tend to rise following a privatization or the execution of a concession agreement, this is more often because the new operator must finally address decades of disinvestment. If the public operator had focused on efficiency and long-term financial responsibility as much as it focused on social and political goals, in most cases the rates likely would have risen already to much the same level.

The public interest is not well-served by keeping prices so low for everyone, including those who can well afford to pay, if it means there is insufficient revenue to support routine maintenance and renovation. On the contrary, a good system, public or private, keeps rates low for essential needs and increases consumption charges rapidly to discourage excessive use. The idea of asking commercial and industrial users to subsidize residential usage—as some privatization opponents suggest—only encourages wasteful practices such as watering expansive lawns, which disproportionately benefits the more affluent, not the poor.

Similarly, establishing a federal trust fund to maintain public water systems would leave communities with little incentive to pursue best practices for capital investment or financially sustainable rate structures. In essence it would penalize customers of well-run systems, public or private, and reward those of poorly managed ones—requiring federal assistance for whatever the local body chooses not to pay for.

Ultimately, the best water provider is the one that is best able to deliver safe, reliable and accessible service. If the provider can also make a profit, that should be of less concern than its ability to deliver safe and affordable drinking water.

*Mr. Little is a senior fellow at the Sol Price School of Public Policy at the University of Southern California. He can be reached at [reports@wsj.com](mailto:reports@wsj.com).*

*No: The Public Won't Be Served*

**By Wenonah Hauter**

Privatization is not the solution for deteriorating public water systems already feeling the double-pinch of dwindling local and federal funds.

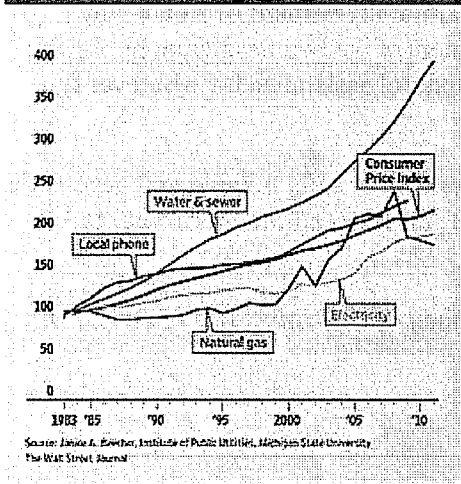
Private water providers are businesses. They are motivated mainly by their bottom line. The pressure to deliver high rates of return for shareholders drives them to cut corners when they are operating under contracts, and to drive up costs when they are operating as regulated utilities. The latter is a well-established phenomenon known as the Averch-Johnson Effect, named for the economists who first modeled it in the 1960s. Under rate-of-return regulation, investor-owned water utilities make more money when they invest in



Food & Water Watch

Wenonah Hauter

**Under Pressure | Rough going in water world**



infrastructure, giving them an incentive to "gold plate" systems. Yes, they are investing in improvements. But they may build an unnecessarily large treatment plant or choose a more capital-intensive treatment process, such as desalination.

Private companies that operate water systems have appalling track records of rate increases, poor system maintenance, faulty billing practices and other failures, sometimes even jeopardizing the health and safety of local residents.

**Pulling Back**

Some municipalities have taken their water systems back from private water providers. Indeed, some are realizing what cities like New York, Baltimore and Boston realized a century ago—that water is best controlled by an entity that is accountable to the public, not outside shareholders.

Water service isn't a business enterprise; it's a basic human right, and what privatization proponents refer to as "political pressure" is actually our democratic processes at work. Our elected leaders should absolutely respond to public concern about the affordability of their water service. The provision of water service is a natural monopoly, and the public can exercise choice only at the ballot box through the election of the officials who oversee the service. How government-run utilities decide to allocate costs among different users is a local decision that should be made in an open and democratic manner.

Those who advocate privatization say it's not in the public interest to keep rates low for everyone, thus hurting a system's ability to afford capital improvements. But it can be administratively cumbersome to design rates in an equitable way that charges higher-income households more while ensuring that water service is

affordable for low-income households. It is especially difficult in dense urban areas where outdoor water use is minimal and lower-income households tend to use more water because of their older homes and larger household sizes.

**Too Big**

But while customers can and should provide some portion of the funding for water systems, it isn't possible for them to fully fund large capital-intensive infrastructure projects. Full cost pricing would disproportionately burden low-income households, possibly making water service unaffordable for many families.

Rather than privatizing water systems or asking household users to pay more, why not ask commercial and industrial water users to pay more for the services they profit from? We should also

ask the federal government to establish a dedicated source of federal funding in the form of a clean-water trust fund, similar to the program that provides funding for highways. This would provide a guaranteed source of funding for replacing and maintaining public infrastructure systems, thereby alleviating communities of the burden of having to finance improvement projects on their own.

When it comes to efficiently and affordably providing water to our communities, public control trumps private profits.

*Ms. Hauter is the executive director of Food and Water Watch. She can be reached at [reports@wsj.com](mailto:reports@wsj.com).*

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Item # 17

## **Marin Municipal taps Sonoma County water agency manager as new chief**

*Posted:*

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The Marin Municipal Water District board has looked north to a small Sonoma County water agency for its new leader.

Krishna Kumar, 55, who heads the Valley of the Moon Water District, has been selected as Marin Municipal's new general manager, the agency announced Friday.

"There is no higher calling than providing safe and clean drinking water to a community, and the MMWD has done that for more than 100 years," said Kumar, who lives in the town of Sonoma, adding that he hopes to move to Marin. "I know most of the senior staff at the MMWD and they are a very hard-working and dedicated staff."

Kumar — who has been with Valley of the Moon since 2004 — will be paid \$212,000 a year in his new job. The previous general manager, Paul Helliker, was making \$189,756 when he resigned from the agency in February with little explanation. Kumar's salary was \$152,978 a year in 2010, according to a state database.

Water board president Cynthia Koehler said Kumar's familiarity with North Bay water issues was one of the reasons he got the job. He was hired after a national search conducted with the help of a recruitment firm.

"He knows what the issues are in this region," Koehler said. "He is highly regarded and has been a player for a long time in the North Bay."

The move from the rural Valley of the Moon district in El Verano to the more urban Marin district will be a big change for Kumar. Valley of the Moon provides service to 23,000 people in a 12-square-mile area in the Sonoma Valley. It has a \$5 million budget and 11 employees.

By comparison, Marin Municipal provides water to 185,000 people in a 147-square-mile area of central and southern Marin County. The district also owns and manages 21,250 acres of watershed on Mount Tamalpais and in West Marin. Its annual operating budget is \$69.1 million and it has about 240 employees.

Prior to working at Valley of the Moon, Kumar was a division manager for administrative services with the Sonoma County Water Agency, where he was responsible for finance, accounting and budgeting.

Those skills made him attractive as Marin Municipal deals with financial challenges as less water is sold and people conserve more, Koehler said.

"He has a deep financial background," Koehler said. "It is a tough time for utilities with finances and declining revenues."

Kumar will inherit a controversial desalination project the water district has put on the back burner for the time being. He said he will keep desalination as an option, but wants to focus on conservation.

"I look at water supply from a long-term water perspective and a portfolio approach, which includes conservation. We have to maximize that first," Kumar said.

The water district board is set to formally approve a contract for Kumar when it meets at 7:30 p.m. Wednesday.

Contact Mark Prado via email at [mprado@marinij.com](mailto:mprado@marinij.com)

Item #17

## Delicate fish species showing rebound in West Marin creeks

Posted:

marinij.com

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THE NEWS IS good for two of Marin's sensitive fish populations: Recent counts show the number of young coho salmon in West Marin creeks is higher than average — and there are more young steelhead than had been counted ever before.

The endangered coho salmon was said to be in an "extinction vortex" after its numbers dipped to all-time lows three years ago. Coho have a three-year life cycle, so a fish hatching in one year will typically spawn three years later. Because of that cycle, biologists expected there would be few young coho.

In fact, 797 coho fry were counted, above the average of 500 since the fish counts began in 1993. The Lagunitas Creek watershed has one of the largest remaining populations of wild coho salmon in Northern California.

"It's the highest number we have seen in six years," said Eric Ettliger, aquatic ecologist for the Marin Municipal Water District. "It shows when the conditions are right, populations can rebound."

Ocean conditions have likely improved, with more food available for the young fish to survive when they get out into the open sea.

"In the past few years the plankton young fish eat were not there and the fish starved," Ettliger said.

As part of this year's count young coho were tagged to determine where in the watershed their survival is highest.

Meanwhile, the number of juvenile steelhead trout broke a record. Biologists counted more than 2,580 juvenile steelhead, a threatened species. The previous record was 2,452 in 2002 and the average, since counts began in 1993, is 1,800.

"It seems like the eggs survived at a very high rate and that resulted in a big fry population," Ettliger said.

Like the coho salmon, they spend most of their adult lives in the ocean, but spawn and rear in freshwater streams in Marin. They also likely benefitted from the improved food supplies in the ocean.

Late spring rains allowed some of the adult steelhead to come up the creeks later to spawn and many of the young fish ended up staying in San Geronimo Creek, where conditions are good.

"For both species these are the best numbers seen in a long time," Ettliger said.

The Forest Knolls-based Salmon Protection and Watershed Network also showed strong numbers when counting fish migrating out of the watershed in the spring.



"No one really understands exactly why, but we are happy," said Todd Steiner, executive director of the group, which works to maintain the fish populations. "While the numbers are good, they are still down from 2005-2006. We are not out of the woods."

Contact Mark Prado via email at [mprado@marinij.com](mailto:mprado@marinij.com)

ITEM #17

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# VOM Water District in flux

BY JOHN CAPONE INDEX-TRIBUNE STAFF WRITER

Many officials have nearly drowned in area water issues in the past, but not Krishna Kumar. If there's one thing that people in Sonoma Valley agree on about the Valley of the Moon Water District (VOMWD) it's that Kumar is leaving it better off than he found it. Kumar, who has led the board as general manager for the past eight years, announced Friday he will be stepping down as of Dec. 7. He will not be going far, however.

After 14 years serving the area's water needs in one form or another – before taking on the GM mantle at VOMWD, Kumar was a division manager in finance at the Sonoma County Water Agency – the 20-year Sonoma resident is moving to Marin, where he will lead the Marin Municipal Water District.

"There is no higher calling in public life than being able to provide round-the-clock access to safe, clean and reliable drinking water to the community you live in," said Kumar. "It's very satisfying to meet that objective."

During his tenure, Kumar added significantly to the Valley's water storage capacity, improved pipelines through a rigorous replacement plan and kept water rates low, with increases in line with the rate of inflation. But it may be a recent development, and a hope for further improvements in the future, of which Kumar is most proud.

"The district was lucky enough to partner with the Sonoma County Water Agency and IBM on a first-of-its-kind project, a cutting-edge application development – funded by IBM – focused on pressure management. The software that they are currently working on, if fully developed, could be a tool used industry wide," he said. "I'm thrilled that they chose Valley of the Moon Water District to be the testing ground for that kind of cutting-edge application."

"Krishna brought a rare sense of energy, enthusiasm, and financial acumen to the district's operations," board Vice President Ron Prushko said in a statement. That financial acumen enabled Kumar to overcome the challenge presented by declining water sales revenues over the past few years (revenues dropped across all of California due to a variety of factors, including robust conservation programs and mild weather).

"I think I am leaving the district in very, very good shape," said Kumar, "but whoever would follow me would take it to the next level in a different kind of way, I am hoping."

Immediately after Kumar announced he was leaving, Mark Bramfitt the board's elected director and its sitting president, resigned, opening a vacancy for his position as well.

Bramfitt told the Index-Tribune that he intends to seek the general manager position vacated by Kumar, and resigned as quickly as possible to avoid any possible appearance of impropriety (in the past, the board has been directly responsible for hiring the general manager, though no procedure is currently in place for the hunt for Kumar's replacement). Bramfitt, an energy and IT consultant whose bid to succeed Valerie Brown as 1st District Supervisor ended in the June primary, has served on the VOMWD board for 12 years and is chair of the Sonoma Valley Groundwater Basin Advisory Panel.

"I'm looking for that position that has a lot of meaning and does a lot of good," said Bramfitt, "My experience in water would lead me to do that job well."

With a laugh, he pointed to "Hiring Krishna," as the board's most important accomplishment in the 12 years he's sat on it. Of course, he's only half joking. "When I joined the board, they had gone through a period of about 15 years where they hadn't raised rates at all. And they had not invested in the infrastructure. They did repairs, but they didn't do any pipeline replacements or any other additions to the system," Bramfitt said. "In the last 12 years, we've put in two new tanks, we've

replaced some very important water lines, and are continuing to do so. We've installed one new well, and are planning others."

The vacancy created by Bramfitt's departure will be announced officially at a special meeting of the board today, Tuesday, at 6:30 p.m. in El Verano. The vacancy left by Russ Townsend's departure from the board in September had recently been filled by Jon Foreman. "Russ, who's an attorney," said Bramfitt, "really brought a lot to the board, helping us through some negotiation dances and legal issues."

The board will also soon move to appoint an interim general manager to fill in after Kumar leaves in early December, while they conduct a search for a permanent replacement.

Whoever is called upon to replace Kumar will have the benefit of not only inheriting a well-run district, but might be able to call upon his predecessor's expertise. "I'm not going too far. Just a phone call away. Maybe 40 minutes drive," said Kumar. "This is an area I've considered home for the last 20 years. It means a lot to me."