



NORTH MARIN WATER DISTRICT
AGENDA - REGULAR MEETING
 October 21, 2014 – 7:30 p.m.
 District Headquarters
 999 Rush Creek Place
 Novato, California

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Est. Time	Item	Subject
7:30 p.m.		CALL TO ORDER
	1.	APPROVE MINUTES FROM REGULAR MEETING , October 7, 2014
	2.	GENERAL MANAGER'S REPORT
	3.	OPEN TIME: (Please observe a three-minute time limit) This section of the agenda is provided so that the public may express comments on any issues not listed on the agenda that are of interest to the public and within the jurisdiction of the North Marin Water District. When comments are made about matters not on the agenda, Board members can ask questions for clarification, respond to statements or questions from members of the public, refer a matter to staff, or direct staff to place a matter of business on a future agenda. The public may also express comments on agenda items at the time of Board consideration.
	4.	STAFF/DIRECTORS REPORTS
	5.	REVIEW OF OUTSIDE AUDITOR'S 2014 REPORT AND MANAGEMENT REPORT
	6.	QUARTERLY FINANCIAL STATEMENT
	7.	MONTHLY PROGRESS REPORT w/ Customer Service Questionnaire
		CONSENT CALENDAR The General Manager has reviewed the following items. To his knowledge, there is no opposition to the action. The items can be acted on in one consolidated motion as recommended or may be removed from the Consent Calendar and separately considered at the request of any person.
	8.	Consent – Approve: Auditor-Controller's Statement of Investment Policy
	9.	Consent – Approve: Text for West Marin <i>Water Line</i> , Volume 13
	10.	Consent – Approve: Extension of Horizon CATV License Agreement
		ACTION CALENDAR
	11.	Approve: Contract: Architectural Design of Lynwood Pump Station Motor Controls Structure
	12.	Approve: Cyber Liability Consultant
	13.	Approve: Resolution Supporting Fresh Water Flows in the San Francisco Bay Delta Estuary <div style="text-align: right;">Resolution</div>
	14.	Approve: Resolution Supporting Proposition 1 – The Water Quality, Supply and Infrastructure Improvement Act of 2014 <div style="text-align: right;">Resolution</div>

All times are approximate and for reference only.

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

(Continued)

Est. Time	Item	Subject
8:00 p.m.		<i>INFORMATION ITEMS</i>
	15.	Draft Annual Report
	16.	West Marin Drought Surcharge Update
	17.	WAC/TAC Meeting – November 3, 2014
	18.	<i>MISCELLANEOUS</i>
		Disbursements
		Self Insured Workers Compensation Update
		FY15 1 st Quarter Labor Cost Report
		Salinity Notice (10/7)
		<u>News Articles:</u>
		Future of Stafford Lake Park to be discussed October 15 th
		Huffman faces GOP congressional challenger in heavily Democratic 2 nd District
		West Marin Citizen – Be Here Then
		What could Marin Sea Level Rise mean to you?
		Sonoma to consider hiking water rates
		Sonoma County unveils proposed rules for new wells
		2014 EPA WaterSense Partners of the Year
		California water use drops 11.5% in August
		First responders brace for November election
9:30 p.m.	19.	<i>ADJOURNMENT</i>

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DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
October 7, 2014

CALL TO ORDER

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

CSW Stuber-Stroeh Employees Al Cornwall and Don Curry, District employees Robert Clark (Operations/Maintenance Superintendent), Tony Arendell (Construction/Maintenance Superintendent) and Pablo Ramudo (Water Quality Supervisor) were in the audience.

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:

AYES: Directors Baker, Petterle, Schoonover, Rodoni

NOES: None

ABSTAIN: None

ABSENT: Director Fraites

GENERAL MANAGER'S REPORT

Stafford Lake Park Master Plan

Mr. DeGabriele informed the Board that he and Robert Clark participated in the Stafford Lake Park Master Plan scoping meeting on September 23rd and provided the District's concerns and ideas to the County and will continue to stay involved in the plan. He noted that the community will have an opportunity to make comments on October 15th at 7pm at the Margaret Todd Center.

President Rodoni requested that Mr. DeGabriele bring more information back to the Board about the scoping session so the Board could get a better understanding of the boundaries of the park.

1 Friends of the San Francisco Bay Estuary

2 Mr. DeGabriele informed the Board that he attended the Friends of the San Francisco Bay
3 Estuary Conference on September 24th regarding the advocacy for fresh water flows in the San
4 Francisco Bay Delta. He advised the Board that he would bring back the Resolutions drafted by
5 Directors Petterle and Fraites to the October 21st meeting along with his recommendations.

6 Marin Conservation League

7 Mr. DeGabriele advised the Board that last Friday he attended the Marin Conservation
8 League Breakfast and that the District was asked to co-sponsor the event with Marin Municipal
9 Water District. He stated that the meeting had two speakers debating opposing viewpoints on the
10 Water Bond Proposition 1 for the November 4th ballot. He noted that it was a good debate and nice
11 to hear the arguments by both speakers.

12 Mr. DeGabriele informed the Board that it is likely the District will receive pressure from
13 ACWA about taking a position on the Water Bond and that he had spoken with members at the TAC
14 meeting and none of the other water contractors have yet taken a position.

15 Santa Rosa Plain Groundwater Management Plan

16 Mr. DeGabriele informed the Board that Sonoma County Water Agency and the County of
17 Sonoma adopted the Santa Rosa Plain Groundwater Management Plan that has been in the
18 process for three years.

19 Groundwater Legislation

20 Mr. DeGabriele informed the Board that Director Baker requested information about the
21 recent groundwater legislation signed by the Governor. Mr. DeGabriele advised the Board that he
22 feels it would be more beneficial to have someone from Sonoma County Water Agency come talk to
23 the Board about the legislation and the Santa Rosa Groundwater Management Plan.

24 Out of the Office

25 Mr. DeGabriele advised the Board that he will be out of the office for the rest of the week
26 attending the Water Smart Innovations 2014 Conference and Drew McIntyre will be acting General
27 Manager in his absence.

28 **OPEN TIME**

29 President Rodoni asked if anyone in the audience wished to bring up an item not on the
30 agenda and there was no response.

1 **STAFF/DIRECTORS REPORTS**

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

4 David Bentley provided the Board with statistics about the Palace Market leak in West
5 Marin. He stated that they had another major leak of 1.1MG and received a bill over \$12,000 last
6 month and will receive a \$14,000 bill this week. He stated that the District has provided Palace
7 Market with a \$5,900 bill adjustment for the first leak, and it is likely they will request an additional
8 adjustment for the second leak. When they do, we will ask them to attend a Board meeting to
9 discuss this directly with the Board.

10 Director Baker stated that he was surprised Palace Market didn't check for more leaks. Mr.
11 Bentley stated that they patched the original leak but should have had the private service line
12 replaced.

13 Robert Clark stated that the ground is so dry in West Marin and the ground soaks up any
14 water which makes it difficult to find a leak. He stated that without the Palace Market leak and other
15 service leaks, there is an estimated 20-30% reduction from the previous year and that the customers
16 are doing a great job conserving.

17 President Rodoni asked if during the drought periods the meters could be read more often,
18 that way leaks would be caught sooner. Director Schoonover suggested doing a study on the cost of
19 reading more meters in order to detect leaks faster.

20 **CONSENT CALENDAR**

21 On motion of Director Petterle, seconded by Director Schoonover and unanimously carried
22 by those present, the following items were approved on the Consent Calendar:

23 AYES: Directors Baker, Petterle, Schoonover, Rodoni

24 NOES: None

25 ABSTAIN: None

26 ABSENT: Director Fraites

27 **SALARY SCHEDULE REVISION**

28 The Board approved the updated District Salary Schedule to be effective October 1, 2014
29 for a salary increase of 4.30% The CPI increase for the 12 month period ending August 31st is at
30 2.96%. In accordance with the Memorandum of Understanding, employees will receive a cost of
31 living adjustment effective October 1, 2014, equal to the percentage change in the CPI-U San

1 Francisco Bay Area less 0.3%. In addition, effective October 1, 2014, employees will receive a 1.6%
2 salary increase as an offset to the additional 1.6% employees will commence contributing October 1
3 toward the cost of CalPERS retirement benefits. The total salary increase effective October 1, 2014,
4 is 4.30%.

5 **APPROVAL FOR OUT-OF-STATE TRAVEL TO ATTEND WATER SMART INNOVATIONS 2014**
6 **CONFERENCE**

7 The Board approved out-of-state travel for the General Manager to attend the Water Smart
8 Innovations 2014 Conference in Las Vegas, NV on October 8-10, 2014. The Sonoma-Marín Saving
9 Water Partnership received an EPA WaterSense Award and Mr. DeGabriele has been requested to
10 attend the conference on behalf of the Sonoma-Marín Saving Water Partnership.

11 **RENEWAL GRAZING LEASES – GROSSI & LEVERONI**

12 The Board approved the renewal of the grazing lease agreements with George Grossi (2
13 parcels totaling 119 acres) and David & Robert Leveroni (1 parcel totaling 27 acres). The only
14 changes to the agreements are the annual rent amount and the dates.

15 **AMENDMENT TO WATER SERVICE AGREEMENT – SHELL GAS STATION – 2085 NOVATO**
16 **BLVD.**

17 The Shell Gas Station – 2085 Novato Blvd project consists of demolition of the existing
18 convenience store and construction of a new enlarged 2,520 sq. ft. convenience store with a 700 sq.
19 ft. upstairs office in a slightly different building foot print. The Board previously approved a water
20 service agreement and the applicant recently made a request to the Fire Marshall to eliminate the
21 previously approved new fire hydrant since there is an existing hydrant in close proximity to the
22 project. The Fire Marshall approved this request. The applicant is also requesting that the exiting
23 service continue to be used for irrigation and the new domestic service be downsized to a 1-inch
24 size. The amended agreement will include installation of 10 feet of 6-inch steel main, a 6-inch fire
25 service with 5/8-inch bypass meter and a one 1-inch domestic service. The Board approved
26 authorization of this amended agreement.

27 **ACTION CALENDAR**

28 **COMMUTER BENEFIT PROGRAM**

29 David Bentley explained to the Board about the recent state law which requires employers
30 adopt a Commuter Benefits Program and make it available to all employees effective October 1,
31 2014. He stated that the program allows for employees to avoid taxes on up to \$1,560 a year, a
32 savings of \$500 or more depending on their tax situation. He informed the Board that currently there
33 are three employees commuting via public transit and that employees desiring to enroll will submit

1 an order form to payroll indicating the monthly amount on their transit fare and that amount will be
2 deducted from their paycheck on pre-tax basis and added to their Clipper Card.

3 On motion of Director Baker, seconded by Director Schoonover and approved by the
4 following vote, the Board approved allowing employees to exclude transit fare from taxable income
5 up to \$130/month.

6 AYES: Directors Baker, Petterle, Schoonover, Rodoni

7 NOES: None

8 ABSTAIN: None

9 ABSENT: Director Fraites

10 **THIRD PARTY LABOR COMPLIANCE INSPECTION FOR ATHERTON TANK REHABILITATION**
11 **PROJECT – CONTRACTOR COMPLIANCE MONITORING, INC.**

12 Drew McIntyre reminded the Board that they approved the contract award to Blastco, Inc. at
13 the August 19, 2014 Board meeting for the Atherton Tank Rehabilitation Project. He advised the
14 Board that there was discussion about having a contract with a labor compliance company and the
15 District solicited Request for Proposals from two firms experienced with labor compliance
16 monitoring. He noted that both firm's submitted proposals and the District decided to use Contractor
17 Compliance Monitoring, Inc. with a proposal of \$19,500. Mr. McIntyre informed the Board that
18 Director Petterle recommended the company as the County has had work completed by them
19 previously.

20 On motion of Director Petterle, seconded by Director Baker and approved by the following
21 vote, the Board authorized the General Manager to execute an agreement with Contractor
22 Compliance & Monitoring, Inc.

23 AYES: Directors Baker, Petterle, Schoonover, Rodoni

24 NOES: None

25 ABSTAIN: None

26 ABSENT: Director Fraites

27 **CSW/STUBER-STROEH CONTRACT AMENDMENT MARIN SONOMA NARROWS/AEEP**
28 **PROJECT**

29 Mr. McIntyre reminded the Board that CSW/Stuber-Stroeh has been performing the design
30 services for the Aqueduct Energy Efficiency Project and there have been various amendments
31 throughout the project. He stated that at the April 15th meeting there was an amendment for

1 \$132,048 in out of scope services. He noted that the new amendment requests \$108,500 for work
2 performed on previously authorized services and \$100,933 in new out of scope services, for a total
3 amount of \$209,433. Mr. McIntyre advised the Board that approximately 74% of the amendment will
4 be billed to Caltrans for reimbursement. He provided the Board with a chart that broke down all of
5 the different tasks and percentages of reimbursement from Caltrans.

6 Director Baker asked about the relationship with Caltrans and asked about the billing and
7 bookkeeping. Mr. McIntyre responded that the first half of the year started out slow but there have
8 been no past due invoices to date.

9 Al Cornwell stated that he really appreciates working with the District.

10 On motion of Director Petterle, seconded by Director Schoonover and approved by the
11 following vote, the Board authorized the General Manager to execute a contract amendment with
12 CSW/Stuber-Stroeh in the amount of \$209,433 plus contingency of \$25,000 for additional design
13 services related to the MSN and Aqueduct Energy Efficiency Project.

14 AYES: Directors Baker, Petterle, Schoonover, Rodoni

15 NOES: None

16 ABSTAIN: None

17 ABSENT: Director Fraites

18 **INFORMATION ITEMS**

19 **LEAD AND COPPER RULE COMPLIANCE IN THE WEST MARIN WATER SYSTEM**

20 Pablo Ramudo advised the Board that due to the exceedence of the action level for lead
21 during the last routine lead and copper monitoring cycle in July 2014, the California State Water
22 Resources Control Board (SWRCB), Division of Drinking Water is requiring the District to complete
23 a number of steps for compliance with the lead and copper rule in West Marin. Mr. Ramudo
24 provided the Board with the five steps which include: notifying the consumer of the lead and copper
25 monitoring, lead public education, performance of additional monitoring for two consecutive quarters
26 beginning in September, lead and copper monitoring in 2015 and a corrosion control study. He
27 stated that a letter will be sent to each West Marin customer as a bill insert on October 9th educating
28 the consumers about lead in drinking water and how to reduce lead intake from all sources.

29 Mr. Ramudo stated that the District was given an option of conducting a corrosion control
30 study and to submit the results of the study along with a recommendation of a treatment method that
31 will limit corrosion.

1 Mr. Ramudo stated that the SWRCB has specific dates for each step to be completed and
2 that the entire process should be completed by February 29, 2016. He advised the Board that the
3 cost of compliance in FY14/15 will comprise mostly of lab testing, coordination with customers for
4 sample collection, and outreach for public information. He noted that the amount will be
5 approximately \$5,500 in staff time and there may be additional staff time required based on the
6 District's customer response to the public education letter.

7 President Rodoni read an email from a West Marin customer stating that he spoke with
8 laboratory chemist, Marc Reischmann, who was a terrific, helpful, young man and would be in touch
9 regarding the lead and copper sampling.

10 **LOCKBOX SERVICE UPDATE**

11 David Bentley updated the Board on the lockbox service the District has had for over a year.
12 He reminded the Board that a year ago the Board approved US Bank to provide a lockbox and that
13 customer's checks would be mailed to a PO BOX. He provided the Board with a chart that contained
14 information on different methods of payment. He noted that he was surprised that over 400
15 customers still drop of their payments at the District office each month. Mr. Bentley informed the
16 Board that the District will be adding automatic payment service using credit cards for customers.

17 **TAC MEETING – OCTOBER 6, 2014**

18 Mr. DeGabriele provided the Board with a summary of the October 6, 2014 Technical
19 Advisory Committee Meeting. He stated that Lake Mendocino holds just under 30,000AF at 28%
20 capacity and Lake Sonoma holds 146,000AF at 60% capacity. Mr. DeGabriele informed the Board
21 that PG&E has filed a variance from their flow responsibilities to repair the penstock stoppage valves
22 and that it's expected that flows through the Potter Valley Project will be reduced from November 1st
23 through March 15th.

24 Director Baker asked if PG&E would be completely shut off or just reduced. Mr. DeGabriele
25 stated that PG&E would be turned off but will continue minimal diversions just not through the power
26 plant.

27 Mr. DeGabriele informed the Board that there is a big push from the general public
28 requesting the Water Contractors disclose water production data. He stated that he met with the
29 TAC Ad Hoc committee and they agreed to disclose the information to the public. He noted that the
30 data will be collected, consolidated and tabulated as a group for the public.

31 **NBWA MEETING – OCTOBER 3, 2014**

32 Director Baker advised the Board that he attended the North Bay Watershed Association
33 Meeting on October 3rd for Director Fraites. He stated that there were two primary speakers, Chuck

1 Weir from the North Bay Water Reuse Authority, who gave a presentation on what is happening and
2 where the NBWRA is going in the future and Bob Dickinson regarding climate change issues.

3 **MISCELLANEOUS**

4 The Board received the following miscellaneous items: Disbursements, Salinity Notices
5 (9/18 & 9/23), and Letter to Marin County Parks.

6 The Board received the following news articles: Changes to water releases from Lake
7 Mendocino helping, Big thumbs up for Warm Springs Dam, Marin Voice: California needs Prop. 1
8 water bond, 1964: NMWD decides on S.F. architects, A watershed's perspective on changes on the
9 horizon, First phase of Dry Creek makeover nears completion, and Humboldt water district mulls
10 trans-county pipeline.

11 The Board received the following miscellaneous items at the meeting: TAC Meeting Notes –
12 October 6, 2014 and Salinity Notice (9/30).

13
14 **CLOSED SESSION**

15 President Rodoni adjourned the Board into closed session at 8:14 p.m. for an Existing
16 Litigation pursuant to Paragraph (1) of subdivision (d) of Section 54956.9: One case: (San Francisco
17 Regional Water Quality Control Board - Administrative Civil Liability Complaint R2-2014-1024) and a
18 closed session regarding a Conference with Real Property Negotiators as allowed under
19 Government Code 54956.8. Property: Recycled Water Agreement between North Marin Water
20 District and Marin Country Club; District Negotiators: General Manager, Chief Engineer, and
21 Counsel; Negotiating Party: Marin Country Club; Under Negotiation: Price and Terms.

22 **OPEN SESSION**

23 Upon returning to regular session at 8:48 p.m., President Rodoni stated that during the
24 closed session the Board had discussed the issues, provided direction to staff and that no
25 reportable action had been taken.

26 **ADJOURNMENT**

27 President Rodoni adjourned the meeting at 8:49 p.m.

28 Submitted by

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Katie Young
District Secretary


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MEMORANDUM

To: Board of Directors
From: Dianne Landeros, Accounting/HR Supervisor 
Subject: Review – Outside Auditor's 2014 Report and Management Report
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October 17, 2014

RECOMMENDED ACTION: Review FY14 Audit Report and Management Report

FINANCIAL IMPACT: None with this Review. Annual Audit Cost is \$18,380.

Paul Kaymark of Charles Z. Fedak & Company, CPAs will be at the meeting to present the Comprehensive Annual Financial Report and the Management Report (Attachment 1) 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 key statement in the Independent Auditor's Report found on page 8 is that: "In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the North Marin Water District as of June 30, 2014 and 2013, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America." This "unmodified opinion" is the best, or highest, opinion that an outside auditor can render on an entity's financial statements.

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 sixth year running that the auditor made no internal control recommendation.

Four 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 increased FY14 total net income by \$10,121. The most significant adjustment pertained to capitalizing SRF loan interest instead of expensing it for the Recycled Water Expansion projects (\$41,000). There were two auditor recommended reclassification journal entries this year involving entries made for the MMWD AEEP capital contribution and wheeling charge (\$438,086), and eliminating the housing impairment liability (\$110,000). These entries were made for their internal reporting purposes only and had no effect on the net income.

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 24, 2014. The final report will then be presented for acceptance at the November 4, 2014 Board meeting.

North Marin Water District

Management Report

June 30, 2014



Charles Z. Fedak & Company

Certified Public Accountants
An Accountancy Corporation

North Marin Water District

Management Report

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

Charles Z. Fedak & Company

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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, 2014, 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 auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 deficiency in internal control 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 was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and may not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the audit committee, the board of directors and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

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

Summary of Current Year Observations, Comments and Recommendations

None Noted

Summary of Prior Year Observations, Comments and Recommendations

None Noted

* * * * *

This communication is intended solely for the information and use of management, the audit committee, the board of directors and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. 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, 2014

APPENDIX

North Marin Water District

Audit/Finance Committee Letter

June 30, 2014



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

Charles Z. Fedak & Company

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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, 2014 and have issued our report thereon dated September 30, 2014. 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 April 7, 2014, 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 the board and management in our Communication to Those Charged with Governance through our Audit Engagement Letter dated April 7, 2014.

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 2014 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 8 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 11 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 two reclassification audit adjustments proposed by the auditor to the original trial balance presented to us to begin our audit and the District proposed four audit adjusting entries. The audit adjustments are 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, 2014.

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.

Charles Z. Fedak & Company, CPA’s – An Accountancy Corporation

Cypress, California
September 30, 2014

North Marin Water District
Schedule of Audit Adjusting Entries
June 30, 2014

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
RJE - To reclass amounts at June 30, 2014			
15406.01	Deferred Capital Expenditures	245,000.00	
49600.01	Miscellaneous Income	1,896.00	
49600.01	Miscellaneous Income	110,000.00	
59802.01	Prior Year Adjustments	193,086.00	
24202.01	Deferred Revenue		245,000.00
49605.01	Gain On Sale Of Property And Equipment		1,896.00
49999.01	Other Item		110,000.00
59800.01	Miscellaneous Expense		193,086.00
Total		<u>549,982.00</u>	<u>549,982.00</u>
Adjusting Journal Entries JE # 2			
CPE - Correct disposal of assets at June 30, 2014			
12202.01	Depreciation-Engineering Office Furniture & Equip	225.55	
12204.01	Depreciation - Transportation Equipment	302.96	
12204.01	Depreciation - Transportation Equipment	3,855.19	
12206.01	Depreciation - Construction/Operating Equipment	1,827.90	
15222.01	Depreciation - Transportation Equipment		3,855.19
15232.01	Depreciation - Warehouse Furniture & Equipment		1,827.90
41162.01	Gain On Overhead Operations		225.55
41162.01	Gain On Overhead Operations		302.96
Total		<u>6,211.60</u>	<u>6,211.60</u>
Adjusting Journal Entries JE # 3			
CPE - To record capitalized interest at June 30, 2014			
11202.01	Work In Progress - District	41,088.32	
11202.02	Work In Progress - District	298.87	
59423.02	Bank of Marin Loan Interest Expense		298.87
59426.01	Bank of Marin Loan Interest Expense		41,088.32
Total		<u>41,387.19</u>	<u>41,387.19</u>
Adjusting Journal Entries JE # 4			
RJE - To reclass 22310.01 to 21310.01			
22310.01	Bank of Marin Loan Payable Novato-Current	193.00	
21310.01	Bank of Marin Loan Payable-Long Term		193.00
Total		<u>193.00</u>	<u>193.00</u>
Adjusting Journal Entries JE # 5			
CPE - Various adjustments for June 30, 2014			
12633.01	MMWD Wheeling Chg-Aqueduct Repl Fund	1.35	
12650.01	Restricted Cash - Maintenance Accrual Fund	14,987.97	
13509.01	Unrestricted Cash	14,989.32	
25713.01	MMWD Whlg Chg Aqueduct Replacement Fund	14,989.32	
41159.01	Wheeling Charges-MMWD-Capital Contributions	14,989.32	
49199.01	Interest Earned - MMWD Aqueduct Replacement Fund	9.38	
59444.01	Trsf to MMWD Wheeling Chg Capital Cont Reserve	1.35	
12633.01	MMWD Wheeling Chg-Aqueduct Repl Fund		14,989.32
13509.01	Unrestricted Cash		1.35
13509.01	Unrestricted Cash		14,987.97
13750.01	Accrued Interest Receivable - General Funds		9.38
25713.01	MMWD Whlg Chg Aqueduct Replacement Fund		1.35
41160.01	Wheeling Charges - MMWD		14,989.32
59444.01	Trsf to MMWD Wheeling Chg Capital Cont Reserve		14,989.32
Total		<u>59,968.01</u>	<u>59,968.01</u>

North Marin Water District
Schedule of Audit Adjusting Entries
June 30, 2014

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 6			
CPE - To adjust interest receivable at June 30, 2014			
12640.02	Bank of Marin Loan Project Fund	750.85	
12650.01	Restricted Cash - Maintenance Accrual Fund	437.68	
12650.01	Restricted Cash - Maintenance Accrual Fund	12,027.62	
13500.02	Unrestricted Cash	171.74	
13509.01	Unrestricted Cash	1.35	
13509.01	Unrestricted Cash	4.00	
13509.01	Unrestricted Cash	15.46	
13509.01	Unrestricted Cash	181.61	
13509.01	Unrestricted Cash	239.92	
13509.01	Unrestricted Cash	240.61	
13509.01	Unrestricted Cash	790.29	
13509.01	Unrestricted Cash	2,193.61	
13509.01	Unrestricted Cash	3,611.07	
13509.01	Unrestricted Cash	5,187.38	
13509.02	Unrestricted Cash	3.57	
13509.02	Unrestricted Cash	591.00	
13509.05	Unrestricted Cash	1.85	
13509.08	Unrestricted Cash	4.00	
25504.02	Reserve For Capital Improvements - FRC Interest	171.74	
25507.01	Reserve For Capital Improvements - Wohler Interest	445.61	
25508.01	Reserve For Capital Improvements - Collector#6 Int	1,748.00	
25509.05	RWF Replacement Fund	81.00	
25702.01	Reserve For Retiree Health Benefits	3,611.07	
25707.01	Gain From Self-Insuring Workers' Compensation Exp	239.92	
25707.02	Gain From Self-Insuring Workers' Compensation Exp	3.57	
25707.05	Gain From Self-Insuring Workers' Compensation Exp	1.85	
25707.08	Gain From Self-Insuring Workers' Compensation Exp	4.00	
25711.01	Bank of Marin Loan Project Reserve Fund	5,187.38	
25711.02	Bank of Marin Loan Project Reserve Fund	591.00	
25713.01	MMWD Whlg Chg Aqueduct Replacement Fund	1.35	
49199.01	Interest Earned - MMWD Aqueduct Replacement Fund	1.35	
49200.02	Interest Earned - General Funds	41.20	
49200.05	Interest Earned - BPGI Recycled Water Facility	96.91	
49200.08	Interest Earned - General Funds	240.61	
49205.01	Interest Earned - Facilities Reserve	0.04	
49205.02	Interest Earned - Facilities Reserve	171.74	
49209.01	Interest Earned - Wohler Pipeline	445.91	
49210.01	Interest Earned - Collector #6	1,748.29	
49211.01	Interest Earned-Future Retiree Med Benefits Res	3,611.07	
49213.01	Interest Earned - Workers' Compensation Fund	239.92	
49213.02	Interest Earned - Workers' Compensation Fund	3.57	
49213.05	Interest Earned - Wo:NovRecycl:Dist	1.85	
49213.08	Interest Earned - Workers' Compensation Fund	4.00	
49224.05	Interest Earned-RWF Replacement Fund	81.00	
49226.01	Interest Earned - AEEP Fund	5,187.38	
49226.02	Interest Earned-Bank of Marin Project Fund	591.00	
12622.02	Restricted Cash - FRC Fund		171.74
12624.01	Wohler Pipeline Financing Fund		445.61
12625.01	Collector #6 Financing Fund		1,748.00
12628.01	Gain From Self-Insuring Workers' Compensation Exp		239.92
12628.02	Gain From Self-Insuring Workers' Compensation Exp		3.57
12628.05	Gain From Self-Insuring Workers' Compensation Exp		1.85
12628.08	Gain From Self-Insuring Workers' Compensation Exp		4.00
12630.05	Restricted Cash - RWF Replacement Fund		179.76
12633.01	MMWD Wheeling Chg-Aqueduct Repl Fund		1.35
12640.01	Bank of Marin Loan Project Fund		5,187.38
12640.02	Bank of Marin Loan Project Fund		591.00
12640.02	Bank of Marin Loan Project Fund		790.29
12653.01	Restricted Cash - Retiree Health Benefits		3,611.07
13500.08	Unrestricted Cash		4.00
13500.08	Unrestricted Cash		240.61
13509.01	Unrestricted Cash		437.68
13509.01	Unrestricted Cash		12,027.62
13509.02	Unrestricted Cash		766.31
13509.05	Unrestricted Cash		1.85
13750.01	Accrued Interest Receivable - General Funds		12,465.93
59411.05	Trfr to RWF Replacement Fund		81.00
59416.01	Transfer To Reserve - Facility Reserve Charges		2,193.61
59416.02	Transfer To Reserve - Facility Reserve Charges		171.74
59420.01	Trfr To Future Retiree Medical Ins. Reserve-Int		3,611.07
59435.02	Transfer-WM		1.85
59435.02	Transfer-WM		3.57
59435.08	Transfer-Oceana Marin		4.00
59436.01	Transfer To Gain/(Loss)Self-Insuring Wc Fund Int		239.92
59440.01	Transfer to Bank of Marin Loan Project Fund		5,187.38
59440.02	Transfer to Bank of Marin Loan Project Fund		591.00
59444.01	Trsf to MMWD Wheeling Chg Capital Cont Reserve		1.35
Total		51,006.03	51,006.03



NORTH MARIN WATER DISTRICT

Novato, California

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2014 and 2013





**NORTH MARIN
WATER DISTRICT**

Name	Title	Elected/ Appointed	Current Term
Dennis J. Rodoni	President	Elected	12/11 - 12/15
Jack Baker	Vice-President	Elected	12/11 - 12/15
Rick Fraites	Director	Elected	12/13 - 12/17
Stephen Petterle	Director	Elected	12/11 - 12/15
John C. Schoonover	Director	Elected	12/13 - 12/17

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

North Marin Water District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2014 and 2013

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, 2014 and 2013**

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Introductory Section



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

September 30, 2014

PHONE
415.897.4133

Board of Directors
North Marin Water District

FAX
415.892.8043

EMAIL
info@nmwd.com

WEB
www.nmwd.com

It is our pleasure to submit the Annual Financial Report for the North Marin Water District for the fiscal year ended June 30, 2014 and 2013, 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 56 (50.5 full-time equivalent) employees, some of whom are part-time or temporary. There are currently 23 office positions and 33 field positions. The District's Board of Directors meets on the first and third Tuesday 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 20,505 potable water service connections and 44 recycled water connections. The District also provides water service to approximately 1,800 residents in the Point Reyes service area of West Marin County through 776 service connections and sewer service to approximately 500 residents in the Oceana Marin service area of West Marin County through 229 service connections.

District Services, continued

Residential customers comprise 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 Novato water supply from the Sonoma County Water Agency (Agency) with the balance derived from the District's Stafford Lake Reservoir and some recycled water. The District purchased approximately 2.6 billion gallons and 2.4 billion gallons of water in fiscal year 2014 and 2013, respectively, 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 operated by the Agency typically provides 80% of Novato's water supply, but continues to have limited capacity in summer months. Novato Rainfall in FY 2014 totaled 12.74", which was approximately 15.5" less than the historical average annual rainfall and the third driest year on record. In January 2014, the Governor declared a drought emergency in California and requested all residents reduce water use by 20%. On April 1 the North Marin Board of Directors declared a water shortage and adopted emergency water conservation ordinance to reduce water use by 20% compared to the same billing period last year. Yet ample water was available in Lake Sonoma for fish, agriculture and urban use on the lower Russian River system and no restrictions on the Russian River water deliveries were imposed. North Marin's Stafford Lake water treatment plant produced 479 million gallons of water to augment Russian River supplies with local water supply during the fiscal year. Recycled water treatment facilities at Novato Sanitary District, Las Gallinas Valley Sanitary District and North Marin's Deer Island combined to provide 132 million gallons of highly-treated recycled wastewater to irrigate turf within the District's service territory.

The Agency has deferred its plan to construct previously contemplated necessary Russian River water production and delivery facilities (pumps and pipelines) to fulfill the 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 and maintain the existing Russian River water supplies. Additionally, state legislation passed in November 2009 (SB7X-7) requires 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 its local source of supply in future years.

A 6.5% commodity rate increase for customers in the Novato service area was authorized by the Board of Directors effective June 1, 2014. No increase in the bimonthly service charge was implemented.

In West Marin, dry year water supply conditions on Lagunitas Creek became effective on April 1 when a water shortage was declared and emergency water conservation ordinance enacted. Work on the grant funded \$1.3M Gallagher pipeline commenced and is scheduled to be completed by the close of calendar year 2014.

At \$656 per year, the cost of water service for a typical Novato single family home using 107,600 gallons of water a year 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 2014 and 2013, 1,470 AF (479 MG) and 2,316 AF (755 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, which totaled 54,244 acre feet in fiscal year 2014. 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.

During the fiscal years 2014 and 2013, the District received 8,126 AF (2,648 MG) and 7,439 AF (2,424MG), respectively, of Russian River water. The District has an agreement in place with the Agency to provide sufficient supply to 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 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 benefit 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, corporate medium-term notes and time certificates of deposit.

Water Rates and District Revenues

Revenue from user charges generated from District customers supports 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 comprised of a commodity (water use) charge and a bimonthly service charge; whereas, sewer rates are comprised 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 unmodified Independent Auditor’s Report appears in the Financial Section.

Awards and Acknowledgements

For the fifth 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 2013 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.

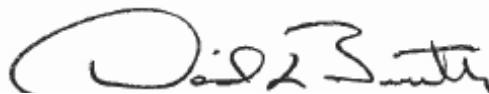
A Certificate of Achievement is valid for a period of one year. We believe that this CAFR meets the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for 2014.

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,



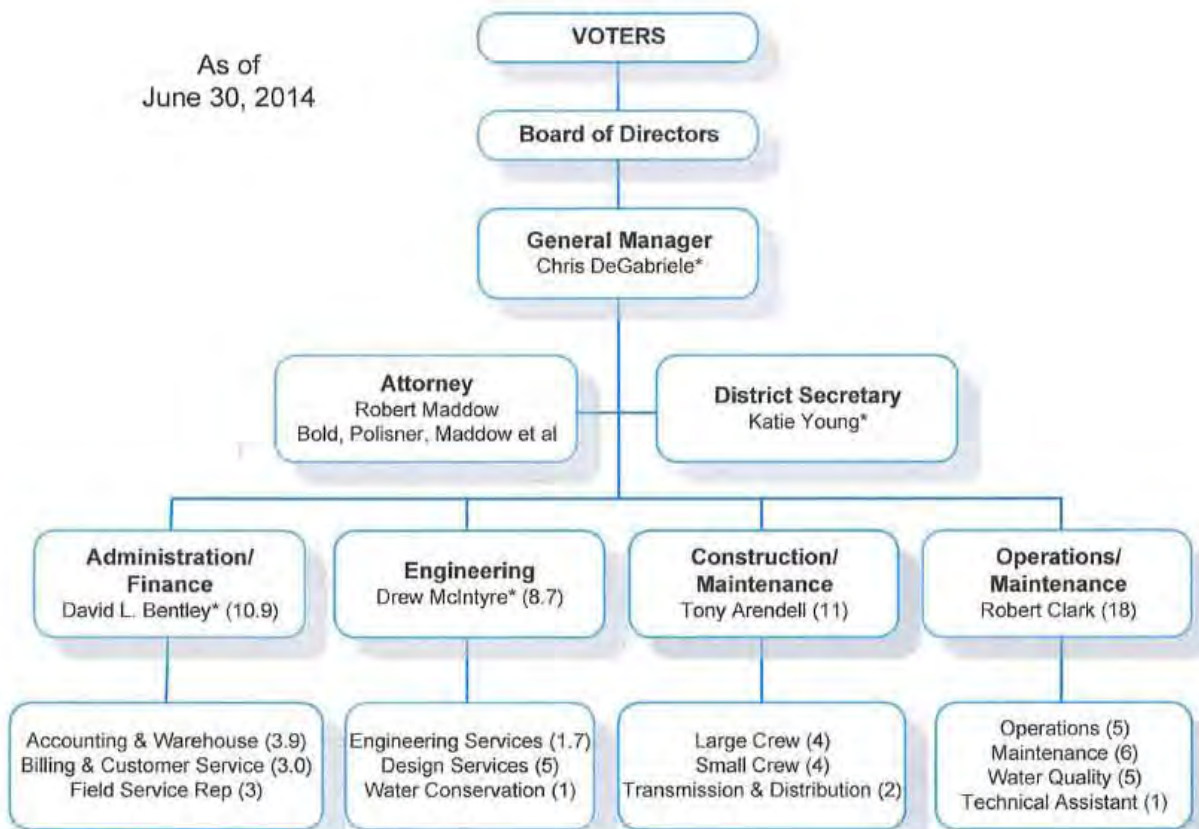
Chris DeGabriele
General Manager



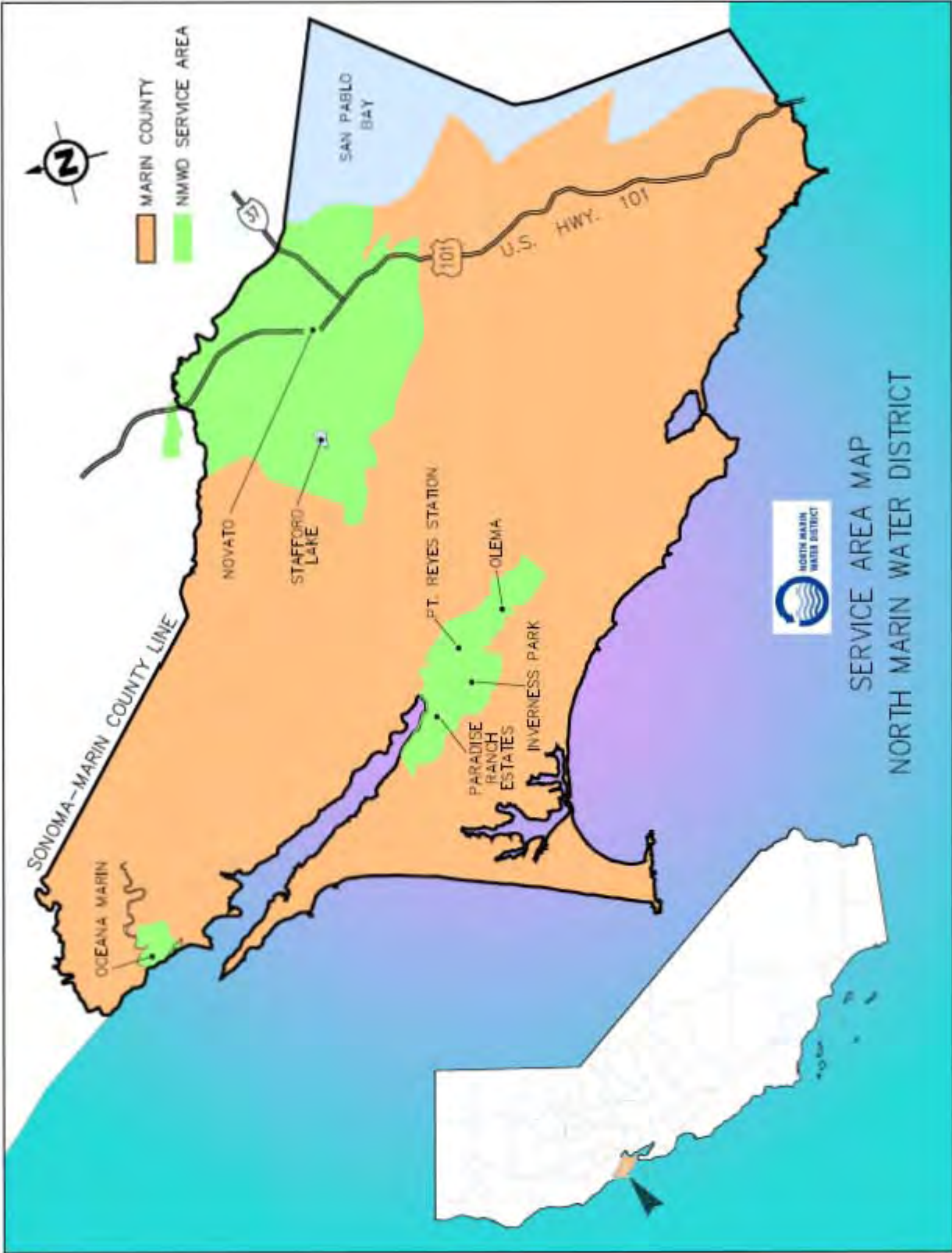
David L. Bentley
Auditor-Controller

North Marin Water District Organizational Chart

As of
June 30, 2014



* Also Serves as District Officer





Government Finance Officers Association

**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, 2013

Executive Director/CEO

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Financial Section



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

Report on the Financial Statements

We have audited the accompanying financial statements of the North Marin Water District (District), which comprises the statements of net position as of June 30, 2014 and 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. 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; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Marin Water District as of June 30, 2014 and 2013, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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.

Other Matters

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 46 through 49, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2014, 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* in considering the District's internal control over financial reporting and compliance. This report can be found on pages 65 and 66.

Charles Z. Fedak & Company, CPA's – An Accountancy Corporation

Cypress, California

September 30, 2014

North Marin Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2014 and 2013

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, 2014 and 2013. 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 2014, the District's net position increased 2.5% or \$2,006,596 to \$83,103,874. In fiscal year 2013, the District's net position increased 6.6% or \$5,035,888 to \$81,097,278.
- In 2014, the District's operating revenues increased 11.6% or \$2,120,983 to \$20,377,621 due primarily to implemented rate increases. In 2013, the District's operating revenues increased 18.3% or \$2,820,905 to \$18,256,638 due primarily to implemented rate increases and an 8% increase in water consumption from the prior year
- In 2014, the District's operating expenses before depreciation increased 7.8% or \$1,028,011 due primarily to an \$883,262 increase in source of supply expense. In 2013, the District's operating expenses before depreciation increased 4.2% or \$529,983 due primarily to a \$192,805 increase in source of supply expense and a \$239,760 increase in water treatment expense.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position 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 Position 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 Position. 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 Position and the Statement of Revenues, Expenses and Changes in Net Position 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, 2014 and 2013

These two statements report the District's *net position* and changes in it. You can think of the District's net position – 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 position 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.

Statements of Net Position

Condensed Statements of Net Position					
	2014	2013	Change	2012	Change
Assets:					
Current assets	\$ 13,544,533	16,390,195	(2,845,662)	18,315,974	(1,925,779)
Non-current assets	9,429,420	8,549,393	880,027	6,640,385	1,909,008
Capital assets, net	98,696,826	96,202,212	2,494,614	89,703,025	6,499,187
Total assets	121,670,779	121,141,800	528,979	114,659,384	6,482,416
Liabilities:					
Current liabilities	5,896,266	3,771,012	2,125,254	4,746,798	(975,786)
Non-current liabilities	32,670,639	36,273,510	(3,602,871)	33,851,196	2,422,314
Total liabilities	38,566,905	40,044,522	(1,477,617)	38,597,994	1,446,528
Net position:					
Net investment in capital assets	71,538,168	65,839,724	5,698,444	61,882,478	3,957,246
Restricted for capital projects and debt	2,156,020	2,186,452	(30,432)	2,993,055	(806,603)
Unrestricted	9,409,686	13,071,102	(3,661,416)	11,185,857	1,885,245
Total net position	83,103,874	81,097,278	2,006,596	76,061,390	5,035,888
Total liabilities and net position	\$ 121,670,779	121,141,800	528,979	114,659,384	6,482,416

As noted earlier, net position 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 \$83,103,874 and \$81,097,278 as of June 30, 2014 and 2013, respectively.

By far the largest portion of the District's net position (86% and 81% as of June 30, 2014 and 2013, 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 2014 and 2013, the District showed a positive balance in its unrestricted net position of \$9,409,686 and \$13,071,102, respectively. See note 13 for the amount of spendable net position that may be utilized in future years.

North Marin Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2014 and 2013

Statements of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>2012</u>	<u>Change</u>
Revenue:					
Operating revenue	\$ 20,377,621	18,256,638	2,120,983	15,435,733	2,820,905
Non-operating revenue	439,736	348,443	91,293	528,368	(179,925)
Total revenue	<u>20,817,357</u>	<u>18,605,081</u>	<u>2,212,276</u>	<u>15,964,101</u>	<u>2,640,980</u>
Expense:					
Operating expense	14,168,856	13,140,845	1,028,011	12,610,862	529,983
Depreciation and amortization	3,128,302	2,793,360	334,942	2,726,598	66,762
Non-operating expense	3,031,911	633,933	2,397,978	1,059,686	(425,753)
Total expense	<u>20,329,069</u>	<u>16,568,138</u>	<u>3,760,931</u>	<u>16,397,146</u>	<u>170,992</u>
Net income(loss) before cap. con.	488,288	2,036,943	(1,548,655)	(433,045)	2,469,988
Capital contributions	1,518,308	2,998,945	(1,480,637)	3,200,979	(202,034)
Change in net position	<u>2,006,596</u>	<u>5,035,888</u>	<u>(3,029,292)</u>	<u>2,767,934</u>	<u>2,267,954</u>
Net position, beginning of year	<u>81,097,278</u>	<u>76,061,390</u>	<u>5,035,888</u>	<u>73,293,456</u>	<u>2,767,934</u>
Net position, end of year	<u>\$ 83,103,874</u>	<u>81,097,278</u>	<u>2,006,596</u>	<u>76,061,390</u>	<u>5,035,888</u>

The statement of revenues, expenses and changes of net position shows how the District's net position changed during the fiscal years. In the case of the District, net position increased by \$2,006,596 and \$5,035,888 in the fiscal years ended June 30, 2014 and 2013, respectively.

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

In 2014, the District's operating revenues increased 11.6% or \$2,120,983 to \$20,377,621 due primarily to implemented rate increases. In 2013, the District's operating revenues increased 18.3% or \$2,820,905 to \$18,256,638 due primarily to implemented rate increases and an 8% increase in water consumption from the prior year

In 2014, the District's operating expenses before depreciation increased 7.8% or \$1,028,011 due primarily to an \$883,262 increase in source of supply expense. In 2013, the District's operating expenses before depreciation increased 4.2% or \$529,983 due primarily to a \$192,805 increase in source of supply expense and a \$239,760 increase in water treatment expense.

North Marin Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2014 and 2013

Total District Revenues

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>2012</u>	<u>Change</u>
Operating revenues:					
Water consumption sales	\$ 15,085,630	13,987,034	1,098,596	12,156,765	1,830,269
Monthly meter service charge	4,308,584	3,630,425	678,159	2,860,630	769,795
Sewer service charges	177,970	157,992	19,978	157,311	681
Water conservation	4,410	1,260	3,150	16,095	(14,835)
Other charges and services	801,027	479,927	321,100	244,932	234,995
Total operating revenues	<u>20,377,621</u>	<u>18,256,638</u>	<u>2,120,983</u>	<u>15,435,733</u>	<u>2,820,905</u>
Non-operating revenues:					
Property tax revenue	90,071	88,088	1,983	101,559	(13,471)
Investment earnings	66,612	22,002	44,610	59,346	(37,344)
Interest earnings from note – BPGL	54,059	58,711	(4,652)	63,252	(4,541)
Rental revenue	89,593	71,850	17,743	69,206	2,644
Gain from dental liability reserve offset	-	-	-	174,119	(174,119)
Other non-operating revenues	139,401	107,792	31,609	60,886	46,906
Total non-operating revenues	<u>439,736</u>	<u>348,443</u>	<u>91,293</u>	<u>528,368</u>	<u>(179,925)</u>
Total revenues	<u>\$ 20,817,357</u>	<u>18,605,081</u>	<u>2,212,276</u>	<u>15,964,101</u>	<u>2,640,980</u>

In 2014 and 2013, total District revenues increased \$2,212,276 and \$2,640,980, respectively.

Total District Expenses

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>2012</u>	<u>Change</u>
Operating expenses:					
Source of supply	\$ 6,226,250	5,342,988	883,262	5,150,183	192,805
Pumping	362,997	351,816	11,181	304,075	47,741
Water facilities operations	785,143	716,780	68,363	708,570	8,210
Water treatment	1,930,110	1,986,926	(56,816)	1,747,166	239,760
Transmission and distribution	2,416,368	2,340,330	76,038	2,373,132	(32,802)
Sewage collection and treatment	120,548	127,903	(7,355)	112,801	15,102
Customer service	587,067	552,202	34,865	580,534	(28,332)
General and administrative	1,301,139	1,449,793	(148,654)	1,358,682	91,111
Improvement projects	-	-	-	3,383	(3,383)
Water conservation	439,234	272,107	167,127	272,336	(229)
Depreciation and amortization	3,128,302	2,793,360	334,942	2,726,598	66,762
Total operating expenses	<u>17,297,158</u>	<u>15,934,205</u>	<u>1,362,953</u>	<u>15,337,460</u>	<u>596,745</u>
Non-operating expenses:					
Interest expense – long-term debt	830,830	778,763	52,067	657,337	121,426
Amortization of deferred charges	-	88,876	(88,876)	3,065	85,811
Allowance for impairment of emp. loans	(110,000)	(280,000)	170,000	390,000	(670,000)
CalPERS side-fund payoff	2,073,701	-	2,073,701	-	-
Other non-operating expenses	237,380	46,294	191,086	9,284	37,010
Total non-operating expenses	<u>3,031,911</u>	<u>633,933</u>	<u>2,397,978</u>	<u>1,059,686</u>	<u>(425,753)</u>
Total expenses	<u>\$ 20,329,069</u>	<u>16,568,138</u>	<u>3,760,931</u>	<u>16,397,146</u>	<u>170,992</u>

In 2014 and 2013, total District expenses increased by \$3,760,931 and \$170,992, respectively

North Marin Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2014 and 2013

Capital Asset Administration

Changes in capital asset amounts for 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2014</u>
Capital assets:				
Non-depreciable assets	\$ 13,666,696	4,873,071	(11,617,522)	6,922,245
Depreciable assets	124,183,143	12,383,025	(202,364)	136,363,804
Accumulated depreciation	<u>(41,647,627)</u>	<u>(3,128,302)</u>	<u>186,706</u>	<u>(44,589,223)</u>
Total capital assets, net	<u>\$ 96,202,212</u>	<u>14,127,794</u>	<u>(11,633,180)</u>	<u>98,696,826</u>

Changes in capital asset amounts for 2013 were as follows:

	<u>Balance 2012</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2013</u>
Capital assets:				
Non-depreciable assets	\$ 12,683,873	9,123,016	(8,140,193)	13,666,696
Depreciable assets	116,165,565	8,309,724	(292,146)	124,183,143
Accumulated depreciation	<u>(39,146,413)</u>	<u>(2,793,360)</u>	<u>292,146</u>	<u>(41,647,627)</u>
Total capital assets, net	<u>\$ 89,703,025</u>	<u>14,639,380</u>	<u>(8,140,193)</u>	<u>96,202,212</u>

At the end of fiscal year 2014 and 2013, the District's investment in capital assets amounted to \$98,696,826 and \$96,202,212, 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 8 for further information)

Debt Administration

Changes in long-term debt amounts for 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2014</u>
Long-term debt:				
Bonds payable	\$ 181,652	-	(21,736)	159,916
Loans payable	<u>34,241,714</u>	<u>42,079</u>	<u>(1,596,402)</u>	<u>32,687,391</u>
Total long-term debt	<u>\$ 34,423,366</u>	<u>42,079</u>	<u>(1,618,138)</u>	<u>32,847,307</u>

Changes in long-term debt amounts for 2013 were as follows:

	<u>Balance 2012</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2013</u>
Long-term debt:				
Bonds payable	\$ 209,203	-	(27,551)	181,652
Loans payable	<u>31,463,504</u>	<u>4,081,903</u>	<u>(1,303,693)</u>	<u>34,241,714</u>
Total long-term debt	<u>\$ 31,672,707</u>	<u>4,081,903</u>	<u>(1,331,244)</u>	<u>34,423,366</u>

(See Note 12 for further 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, Telephone: (415) 897-4133.

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Basic Financial Statements

**North Marin Water District
Statements of Net Position
June 30, 2014 and 2013**

<i>Assets</i>	2014	2013
Current assets:		
Cash and cash equivalents (note 2)	\$ 5,234,452	3,326,264
Restricted – cash and cash equivalents (note 2)	3,317,531	3,693,349
Accrued interest receivable	13,561	10,772
Accounts receivable – water and sewer sales and services	3,217,333	3,433,180
Accounts receivable – governmental agencies	835,976	845,079
Accounts receivable – other	38,212	86,261
Capital grants and loan proceeds receivable	65,159	4,060,378
Note receivable – Black Point Golf Links – current portion (note 3)	201,276	196,513
Notes receivable – employee computer loans (note 4)	590	2,138
Provision for pension related debt – current portion (note 5)	-	79,928
Materials and supplies inventory	582,837	609,237
Prepaid expenses and deposits	37,606	47,096
Total current assets	<u>13,544,533</u>	<u>16,390,195</u>
Non-current assets:		
Restricted – investments (note 2)	6,244,026	3,006,442
Internal balances (note 7)	-	-
Note receivable – Black Point Golf Links (note 3)	1,936,194	2,137,470
Notes receivable – employee housing assistance loans, net (note 6)	1,249,200	1,331,785
Provision for pension related debt (note 5)	-	2,073,696
Capital assets, not being depreciated (note 8)	6,922,245	13,666,696
Depreciable capital assets, net (note 8)	91,774,581	82,535,516
Total non-current assets	<u>108,126,246</u>	<u>104,751,605</u>
Total assets	<u>\$ 121,670,779</u>	<u>121,141,800</u>
<i>Liabilities and Net Position</i>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,325,903	1,501,045
Accrued wages and related payables	224,157	207,539
Accrued claims payable (note 9)	24,956	22,476
Customer advances and deposits	1,738,183	482,414
Accrued interest payable – long-term debt	118,124	71,816
Long-term liabilities – due within one year:		
Compensated absences (note 10)	148,657	149,008
Bonds payable (note 12)	23,916	21,731
Loans payable (note 12)	1,292,370	1,235,055
Pension related debt (note 5)	-	79,928
Total current liabilities	<u>5,896,266</u>	<u>3,771,012</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 10)	445,971	447,025
Other post-employment benefits payable (note 11)	693,647	586,209
Bonds payable (note 12)	136,000	159,921
Loans payable (note 12)	31,395,021	33,006,659
Pension related debt (note 5)	-	2,073,696
Total non-current liabilities	<u>32,670,639</u>	<u>36,273,510</u>
Total liabilities	<u>38,566,905</u>	<u>40,044,522</u>
Net position: (note 13)		
Net investment in capital assets	71,538,168	65,839,724
Restricted for capital projects and debt service	2,156,020	2,186,452
Unrestricted	9,409,686	13,071,102
Total net position	<u>83,103,874</u>	<u>81,097,278</u>
Total liabilities and net position	<u>\$ 121,670,779</u>	<u>121,141,800</u>

See accompanying notes to the basic financial statements

North Marin Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2014 and 2013

	2014	2013
Operating revenues:		
Water consumption sales	\$ 15,085,630	13,987,034
Bi-monthly meter service charge	4,308,584	3,630,425
Sewer service charges	177,970	157,992
Water conservation	4,410	1,260
Other charges and services	801,027	479,927
Total operating revenues	20,377,621	18,256,638
Operating expenses:		
Source of supply	6,226,250	5,342,988
Pumping	362,997	351,816
Water facilities operations	785,143	716,780
Water treatment	1,930,110	1,986,926
Transmission and distribution	2,416,368	2,340,330
Sewage collection and treatment	120,548	127,903
Customer service	587,067	552,202
General and administrative	1,301,139	1,449,793
Water conservation	439,234	272,107
Total operating expenses	14,168,856	13,140,845
Operating income before depreciation	6,208,765	5,115,793
Depreciation expense – capital recovery	(3,128,302)	(2,793,360)
Operating income	3,080,463	2,322,433
Non-operating revenues(expenses):		
Property tax revenue	90,071	88,088
Investment earnings	66,612	22,002
Interest earnings from note receivable – BPGL	54,059	58,711
Rental revenue	89,593	71,850
Interest expense – long-term debt	(830,830)	(778,763)
Amortization of deferred charges	-	(88,876)
Change in allowance for impairment of employee housing loans	110,000	280,000
CalPERS side-fund payoff (note 5)	(2,073,701)	-
Other non-operating revenues	139,401	107,792
Other non-operating expenses	(237,380)	(46,294)
Total non-operating revenues, net	(2,592,175)	(285,490)
Net income before capital contributions	488,288	2,036,943
Capital contributions:		
Developers and others	399,005	305,847
Contributed capital assets	6,600	55,298
Connection fees	152,800	876,350
Capital grants – federal	138,073	1,232,700
Capital grants – state and local	821,830	528,750
Capital contributions	1,518,308	2,998,945
Change in net position	2,006,596	5,035,888
Net position, beginning of year	81,097,278	76,061,390
Net position, end of year	\$ 83,103,874	81,097,278

See accompanying notes to the basic financial statements

**North Marin Water District
Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 20,879,614	17,744,328
Cash paid to employees for salaries and wages	(4,410,443)	(4,348,543)
Cash paid to vendors and suppliers for materials and services	(9,834,446)	(10,126,648)
Net cash provided by operating activities	<u>6,634,725</u>	<u>3,269,137</u>
Cash flows from non-capital financing activities:		
Property tax revenue	90,071	95,927
Net cash provided by non-capital financing activities	<u>90,071</u>	<u>95,927</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(5,445,989)	(9,242,979)
Proceeds from capital contributions and connection fees	5,554,717	3,077,784
Proceeds from principal issued on long-term debt	42,079	4,081,903
Principal paid on long-term debt	(1,618,138)	(1,331,244)
Interest paid on long-term debt	(784,522)	(729,804)
Net cash used in capital and related financing activities	<u>(2,251,853)</u>	<u>(4,144,340)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	-	1,000,000
Purchases of investments	(3,233,004)	(3,002,994)
Principal received on notes receivable	196,513	191,861
Principal received(issued) on employee computer loans, net	1,548	4,005
Investment earnings	94,370	96,781
Net cash used in investing activities	<u>(2,940,573)</u>	<u>(1,710,347)</u>
Net increase(decrease) in cash and cash equivalents	1,532,370	(2,489,623)
Cash and cash equivalents, beginning of year	7,019,613	9,509,236
Cash and cash equivalents, end of year	<u>\$ 8,551,983</u>	<u>7,019,613</u>
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 5,234,452	3,326,264
Restricted assets – cash and cash equivalents	3,317,531	3,693,349
Total cash and cash equivalents	<u>\$ 8,551,983</u>	<u>7,019,613</u>

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 3,080,463	2,322,433
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense – capital recovery	3,128,302	2,793,360
Rental revenue	89,593	71,850
CalPERS side-fund payoff	(2,073,701)	-
Other non-operating revenue	139,401	107,792
Other non-operating expenses	(237,380)	(46,294)
Changes in assets and liabilities:		
(Increase)Decrease in assets:		
Accounts receivable – water and sewer sales and services	215,847	(353,814)
Accounts receivable – governmental agencies	9,103	(280,625)
Accounts receivable – other	48,049	(57,513)
Materials and supplies inventory	19,800	3,729
Prepaid expenses and other deposits	9,490	(6,644)
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	824,858	(1,653,562)
Accrued wages and related payables	16,618	28,054
Accrued claims payable	2,480	693
Customer advances and deposits	1,255,769	208,032
Compensated absences	(1,405)	20,170
Other post-employment retirement benefits	107,438	111,476
Total adjustments	<u>3,554,262</u>	<u>946,704</u>
Net cash provided by operating activities	<u>\$ 6,634,725</u>	<u>3,269,137</u>
Non-cash investing, capital and financing transactions:		
Change in fair value of investments	\$ 11,756	(14,399)
Contributed capital	<u>6,600</u>	<u>55,298</u>

See accompanying notes to the basic financial statements

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(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. 61, *The Financial Reporting Entity*. 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 enterprise fund was formed by the District in 2007 to account for the operation of the District's recycled water treatment and distribution system.

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 value. 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, 2014 and 2013

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

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

D. Assets, Liabilities and Net Position

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 position 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 Office 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, 2014 and 2013

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

D. Assets, Liabilities and Net Position, 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 reflect 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 to 50 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 accrues 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 30th 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 position and as capital grant contribution or operating grant revenue, as appropriate, on the statement of revenues, expenses and changes in net position.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

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

D. Assets, Liabilities and Net Position, 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 Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net Investment in Capital Assets** – This component of net position 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 Position** – This component of net position consists of constraints placed on net position 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 Position** – This component of net position consists of net position that does 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:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 5,234,452	3,326,264
Restricted – cash and cash equivalents	3,317,531	3,693,349
Restricted – investments	<u>6,244,026</u>	<u>3,006,442</u>
Total cash and investments	<u>\$ 14,796,009</u>	<u>10,026,055</u>

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

	<u>2014</u>	<u>2013</u>
Cash on hand	\$ 350	350
Deposits with financial institutions	382,168	101,258
Deposits with County of Marin Treasury	528,020	424,258
Investments	<u>13,885,471</u>	<u>9,500,189</u>
Total cash and investments	<u>\$ 14,796,009</u>	<u>10,026,055</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio *	Maximum Investment in One Issuer
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.

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

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, 2014 and 2013

(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, 2014, 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	\$ 7,643,726	7,643,726	-	-
Certificates-of-deposit	3,226,000	3,226,000	-	-
Corporate medium-term notes	2,010,509	-	2,010,509	-
U.S. Treasury note	1,001,133	-	1,001,133	-
Olema general obligation bond	4,103	-	4,103	-
Total	\$ 13,885,471	10,869,726	3,015,745	-

Investments at June 30, 2013, 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	\$ 6,493,745	6,493,745	-	-
Certificates-of-deposit	992,000	992,000	-	-
Corporate medium-term notes	2,002,255	-	-	2,002,255
Olema general obligation bond	12,189	-	12,189	-
Total	\$ 9,500,189	7,485,745	12,189	2,002,255

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(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, 2014, 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 AA-</u>
Local Agency Investment Fund	\$ 7,643,726	N/A	7,643,726	-
Certificates-of-deposit	3,226,000	N/A	3,226,000	-
Corporate medium-term notes	2,010,509	A-	-	2,010,509
U.S. Treasury note	1,001,133	AA+	-	1,001,133
Olema general obligation bond	4,103	A+	-	4,103
Total	<u>\$ 13,885,471</u>		<u>10,869,726</u>	<u>3,015,745</u>

Credit ratings at June 30, 2013, 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 AA-</u>
Local Agency Investment Fund	\$ 6,493,745	N/A	6,493,745	-
Certificates-of-deposit	992,000	N/A	992,000	-
Corporate medium-term notes	2,002,255	A-	-	2,002,255
Olema general obligation bond	12,189	A+	-	12,189
Total	<u>\$ 9,500,189</u>		<u>7,485,745</u>	<u>2,014,444</u>

(3) Note Receivable – Black Point Golf Links

The District has entered into a contractual agreement with Black Point Golf Links whereby the golf course agreed to reimburse the District for construction costs incurred for a new recycled water facility, 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 30th, the amount receivable under the contract is as follows:

The balance at June 30, consists of the following:

	<u>2014</u>	<u>2013</u>
Note receivable – Black Point Golf Links – current portion	\$ 201,276	196,513
Note receivable – Black Point Golf Links	1,936,194	2,137,470
Note receivable – Black Point Golf Links	<u>\$ 2,137,470</u>	<u>2,333,983</u>

(4) 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, 2014 and 2013 the District had various outstanding loans totaling \$590 and \$2,138, respectively.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(5) 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 contribution volatility 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 District paid-off the CalPERS side-fund balance of \$2,073,701 in June 2014.

(6) 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>2014</u>	<u>2013</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
June 2010	245,000	245,000
Sub-total	1,249,200	1,441,785
Allowance	-	(110,000)
Total	\$ 1,249,200	1,331,785

In October 2013, The District acquired the 1st trust deed in the above noted October 2008 note receivable, and combined it with the 2nd trust deed ownership of \$192,585; therefore, capitalizing the purchase of the home as a capital asset.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(7) Internal Balances

Due To/From Other Funds and Transfers

Internal balances consist of the following, as of June 30, 2013:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Advance	Novato Water	Novato Recycled	\$ <u>4,755,421</u>

Transfers between funds as of June 30, 2014:

<u>Purpose</u>	<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Advance	Novato Water	Novato Recycled	\$ <u>1,550,201</u>

Transfers between funds as of June 30, 2013:

<u>Purpose</u>	<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Advance	Novato Water	Novato Recycled	\$ <u>1,970,400</u>

The Novato Water system advanced the Novato Recycled system funds for capital construction pending receipt of grant and loan funds, as of June 30, 2013. The advance was paid in fiscal year 2014 from the receipt of grant and loan funds. Interest was accrued on the balance on a monthly basis as per District policy. In 2014 and 2013, the Novato Water system transferred \$1,550,201 and \$1,970,400, respectively, in net position to the Novato Recycled system for the local share of the North/South Recycled Water Expansion, SRF loan payments and grant administration costs. (See the Supplementary Schedules on pages 45 through 48 for further information)

(8) 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 of construction-in-progress at June 30, consists of the following projects:

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Developer construction – Novato Water	\$ 842,504	965,313	641,858
Developer construction – Novato Recycled	-	-	-
Developer construction – West Marin Water	67,130	-	5,239
Developer construction – Oceana Marin Sewer	-	5,000	-
Other construction – Novato Water	1,840,102	1,619,299	4,280,383
Other construction – Novato Recycled	8,117,923	8,806,758	4,024
Other construction – West Marin Water	258,069	565,161	497,995
Other construction – Oceana Marin Sewer	85,054	232,074	19,655
Total construction-in-progress per year	\$ <u>11,210,782</u>	<u>12,193,605</u>	<u>5,449,154</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(8) Capital Assets, continued

Changes in capital assets for the year were as follows:

	<u>Balance 2013</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2014</u>
Non-depreciable assets:				
Land and land rights	\$ 1,473,091	-	-	1,473,091
Construction-in-progress	12,193,605	4,873,071	(11,617,522)	5,449,154
Total non-depreciable assets	<u>13,666,696</u>	<u>4,873,071</u>	<u>(11,617,522)</u>	<u>6,922,245</u>
Depreciable assets:				
Distribution system	68,070,235	10,550,206	(15,658)	78,604,783
Treatment plant	21,060,231	-	-	21,060,231
Storage facilities	18,396,517	476,000	-	18,872,517
Transmission system	5,489,830	-	-	5,489,830
Source facilities	5,294,920	337,211	-	5,632,131
Sewer facilities	917,452	237,073	-	1,154,525
Structures and improvements	1,905,340	579,767	-	2,485,107
Other plant and equipment	3,048,618	202,768	(186,706)	3,064,680
Total depreciable assets	<u>124,183,143</u>	<u>12,383,025</u>	<u>(202,364)</u>	<u>136,363,804</u>
Accumulated depreciation:				
Distribution system	(22,492,024)	(1,555,861)	-	(24,047,885)
Treatment plant	(5,492,576)	(698,771)	-	(6,191,347)
Storage facilities	(4,961,686)	(385,721)	-	(5,347,407)
Transmission system	(3,255,321)	(87,287)	-	(3,342,608)
Source facilities	(1,637,856)	(104,951)	-	(1,742,807)
Sewer facilities	(456,334)	(44,132)	-	(500,466)
Structures and improvements	(1,096,658)	(44,212)	-	(1,140,870)
Other plant and equipment	(2,255,172)	(207,367)	186,706	(2,275,833)
Total accumulated depreciation	<u>(41,647,627)</u>	<u>(3,128,302)</u>	<u>186,706</u>	<u>(44,589,223)</u>
Total depreciable assets, net	<u>82,535,516</u>	<u>9,254,723</u>	<u>(15,658)</u>	<u>91,774,581</u>
Total capital assets, net	<u>\$ 96,202,212</u>	<u>14,127,794</u>	<u>(11,633,180)</u>	<u>98,696,826</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(8) Capital Assets, continued

Changes in capital assets for the year were as follows:

	<u>Balance 2012</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2013</u>
Non-depreciable assets:				
Land and land rights	\$ 1,473,091	-	-	1,473,091
Construction-in-progress	<u>11,210,782</u>	<u>9,123,016</u>	<u>(8,140,193)</u>	<u>12,193,605</u>
Total non-depreciable assets	<u>12,683,873</u>	<u>9,123,016</u>	<u>(8,140,193)</u>	<u>13,666,696</u>
Depreciable assets:				
Distribution system	59,594,931	7,179,100	1,296,204	68,070,235
Treatment plant	22,162,002	194,433	(1,296,204)	21,060,231
Storage facilities	18,109,617	286,900	-	18,396,517
Transmission system	5,489,830	-	-	5,489,830
Source facilities	5,027,082	267,838	-	5,294,920
Sewer facilities	853,683	63,769	-	917,452
Structures and improvements	1,783,704	121,636	-	1,905,340
Other plant and equipment	<u>3,144,716</u>	<u>196,048</u>	<u>(292,146)</u>	<u>3,048,618</u>
Total depreciable assets	<u>116,165,565</u>	<u>8,309,724</u>	<u>(292,146)</u>	<u>124,183,143</u>
Accumulated depreciation:				
Distribution system	(21,109,445)	(1,382,579)	-	(22,492,024)
Treatment plant	(4,953,369)	(539,207)	-	(5,492,576)
Storage facilities	(4,596,533)	(365,153)	-	(4,961,686)
Transmission system	(3,168,033)	(87,288)	-	(3,255,321)
Source facilities	(1,550,080)	(87,776)	-	(1,637,856)
Sewer facilities	(424,168)	(32,166)	-	(456,334)
Structures and improvements	(1,061,204)	(35,454)	-	(1,096,658)
Other plant and equipment	<u>(2,283,581)</u>	<u>(263,737)</u>	<u>292,146</u>	<u>(2,255,172)</u>
Total accumulated depreciation	<u>(39,146,413)</u>	<u>(2,793,360)</u>	<u>292,146</u>	<u>(41,647,627)</u>
Total depreciable assets, net	<u>77,019,152</u>	<u>5,516,364</u>	<u>-</u>	<u>82,535,516</u>
Total capital assets, net	<u>\$ 89,703,025</u>	<u>14,639,380</u>	<u>(8,140,193)</u>	<u>96,202,212</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(9) Accrued Claims Payable

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).

The balance at June 30, consists of the following:		2014	2013
Accrued claims payable, beginning of year	\$	22,476	21,783
Claims recognized		(5,496)	8,076
Claims settled		(2,450)	(1,243)
Claims adjustments		10,426	(6,140)
Accrued claims payable, end of year	\$	24,956	22,476

(10) Compensated Absences

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

Changes to compensated absences for 2014, were as follows:

<u>Balance 2013</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2014</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$ 596,033	838,331	(839,736)	594,628	148,657	445,971

Changes to compensated absences for 2013, were as follows:

<u>Balance 2012</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2013</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$ 575,863	913,324	(893,154)	596,033	149,008	447,025

(11) Other 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.

Other 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
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(11) Other Post-Employment Benefits Payable, continued

Other Post-Employment Benefits – Eligibility, continued

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Active plan members	51	51	53
Retirees and beneficiaries receiving benefits	32	34	32
Separated plan members entitled to but not yet receiving benefits	<u>3</u>	<u>3</u>	<u>3</u>
Total plan membership	<u><u>86</u></u>	<u><u>88</u></u>	<u><u>88</u></u>

Other Post-Employment Benefits – Benefits Offered

The District offers other 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. For retirees between the ages of 55 to 65 with a minimum of 12 years services, who retired prior to January 1, 2013, the District's contribution toward the chosen medical plan will be 90% of the Kaiser Basic Medical Plan premium amount. For retirees between the ages of 55 to 65 with a minimum of 12 years services, who retire on or after January 1, 2013, the District's contribution toward the chosen plan will be 85% of the Kaiser Basic Medical Plan premium amount. The District will make a monthly contribution toward the cost of health insurance coverage for all other retirees based on the contract effective at the time of their retirement.

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, 2014 and 2013, the District's annual ARC cost after adjustments were \$286,640 and \$286,640, respectively. The District's net other post employment benefits payable obligation amounted to \$693,647 and \$586,209 for the years ended June 30, 2014 and 2013, respectively. The District contributed \$168,750 and \$166,699 in retiree benefit contributions for current retiree OPEB premiums for the years ended June 30, 2014 and 2013, respectively.

The balance at June 30, consists of the following:	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 286,640	286,640	250,776
Interest on net OPEB obligation	23,448	18,989	19,532
Interest earnings on irrevocable trust balance	-	-	-
Adjustment to annual required contribution	<u>(33,900)</u>	<u>(27,454)</u>	<u>(25,486)</u>
Total annual OPEB expense	<u>276,188</u>	<u>278,175</u>	<u>244,822</u>
Contributions made:			
Contributions made to irrevocable trust	-	-	-
Retiree benefit payments paid outside of a trust	<u>(168,750)</u>	<u>(166,699)</u>	<u>(160,725)</u>
Total contributions made	<u>(168,750)</u>	<u>(166,699)</u>	<u>(160,725)</u>
Total change in net OPEB payable obligation	107,438	111,476	84,097
OPEB payable - beginning of year	<u>586,209</u>	<u>474,733</u>	<u>390,636</u>
OPEB payable - end of year	<u><u>\$ 693,647</u></u>	<u><u>586,209</u></u>	<u><u>474,733</u></u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(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 2014 and the two preceding years were as follows:

Three-Year History of Net OPEB Obligation

Fiscal Year Ended	Annual OPEB Cost	Contributions Made to Trust	Retiree Benefit Payments	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
2014	\$ 276,188	-	168,750	61.10%	\$ 693,647
2013	278,175	-	166,699	59.93%	586,209
2012	244,822	-	160,725	65.65%	474,733

The most recent valuation (dated July 1, 2013) includes an Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability of \$3,130,628. There are no Plan Assets because the District funds on a pay-as-you-go basis and maintains net position equal to the remaining net other post employment benefits payable obligation. The Board of Directors of the District has designated \$3,310,725 and \$3,189,034, as of June 30, 2014 and 2013, respectively, of net position 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, 2014 was \$4,410,443. The ratio of the unfunded actuarial accrued liability to annual covered payroll was 70.98%.

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, 2012	
Actuarial cost method	Projected Unit Credit	
Amortization method	30-year level dollar, open period	
Remaining amortization period	24 years as of the valuation date	
Asset valuation method	20 year level contribution	
Actuarial assumptions:		
Investment rate of return	4.00%	
Projected salary increase	3.00%	
Inflation - discount rate	4.00%	
Healthcare cost trend rate	Fiscal Year	Percentage
	2012	8.0%
	2013	7.0%
	2014	6.0%
	2015+	5.0%

See Page 44 for the Schedules of Funding Status for the postemployment defined benefit plan, which presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(12) Long-term Debt

Changes in long-term debt amounts for 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2014</u>	<u>Current Portion</u>
Long-term debt:					
Bonds payable:					
1975 General obligation bonds – OL-2	\$ 7,652	-	(3,736)	3,916	3,916
1980 Revenue bonds – PRE-1	82,000	-	(10,000)	72,000	11,000
1981 Revenue bonds – PR-6	92,000	-	(8,000)	84,000	9,000
Total bonds payable	<u>181,652</u>	<u>-</u>	<u>(21,736)</u>	<u>159,916</u>	<u>23,916</u>
Loans payable:					
1977 U.S. EDA loan – Novato Water	79,875	-	(14,430)	65,445	15,152
1977 U.S. EDA loan – West Marin Water	11,201	-	(2,144)	9,057	2,250
2005 DWR loan – Novato Water	13,819,824	-	(718,449)	13,101,375	365,676
2005 SWRCB loan – Novato Recycled	3,218,157	-	(196,131)	3,022,026	200,839
2011 SWRCB loan – Novato Recycled	9,590,697	42,079	(364,798)	9,267,978	397,767
2011 B of M loan – Novato Water	6,559,082	-	(261,992)	6,297,090	270,827
2011 B of M loan – West Marin Water	962,878	-	(38,458)	924,420	39,859
Total loans payable	<u>34,241,714</u>	<u>42,079</u>	<u>(1,596,402)</u>	<u>32,687,391</u>	<u>1,292,370</u>
Total long-term debt	<u>\$ 34,423,366</u>	<u>42,079</u>	<u>(1,618,138)</u>	<u>32,847,307</u>	<u>1,316,286</u>

Changes in long-term debt amounts for 2013 were as follows:

	<u>Balance 2012</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2013</u>	<u>Current Portion</u>
Long-term debt:					
Bonds payable:					
1973 General obligation bonds – PR-3	\$ 14,000	-	(14,000)	-	-
1975 General obligation bonds – OL-2	11,203	-	(3,551)	7,652	3,731
1980 Revenue bonds – PRE-1	92,000	-	(10,000)	82,000	10,000
1981 Revenue bonds – PR-6	92,000	-	-	92,000	8,000
Total bonds payable	<u>209,203</u>	<u>-</u>	<u>(27,551)</u>	<u>181,652</u>	<u>21,731</u>
Loans payable:					
1977 U.S. EDA loan – Novato Water	93,618	-	(13,743)	79,875	14,440
1977 U.S. EDA loan – West Marin Water	13,242	-	(2,041)	11,201	2,145
2005 DWR loan – Novato Water	14,521,404	-	(701,580)	13,819,824	357,090
2005 SWRCB loan – Novato Recycled	3,409,691	-	(191,534)	3,218,157	196,131
2011 SWRCB loan – Novato Recycled	5,613,575	4,081,903	(104,781)	9,590,697	364,798
2011 B of M loan – Novato Water	6,811,974	-	(252,892)	6,559,082	261,993
2011 B of M loan – West Marin Water	1,000,000	-	(37,122)	962,878	38,458
Total loans payable	<u>31,463,504</u>	<u>4,081,903</u>	<u>(1,303,693)</u>	<u>34,241,714</u>	<u>1,235,055</u>
Total long-term debt	<u>\$ 31,672,707</u>	<u>4,081,903</u>	<u>(1,331,244)</u>	<u>34,423,366</u>	<u>1,256,786</u>

Bonds Payable

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 1st 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>
2015	\$ <u>3,916</u>	<u>196</u>	<u>4,112</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(12) Long-Term Debt, continued

Bonds Payable, continued

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 1st and interest is payable semi-annually on October 1st and April 1st 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>
2015	\$ 11,000	3,600	14,600
2016	11,000	3,050	14,050
2017	12,000	2,500	14,500
2018	12,000	1,900	13,900
2019	13,000	1,300	14,300
2020	13,000	650	13,650
Total	\$ 72,000	13,000	85,000
Less current portion	(11,000)		
Total non-current	\$ 61,000		

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 1st and interest is payable semi-annually on July 1st and January 1st 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>
2015	\$ 9,000	3,975	12,975
2016	9,000	3,525	12,525
2017	10,000	3,050	13,050
2018	10,000	2,550	12,550
2019	11,000	2,025	13,025
2020-2022	35,000	2,675	37,675
Total	\$ 84,000	17,800	101,800
Less current portion	(9,000)		
Total non-current	\$ 75,000		

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(12) Long-Term Debt, continued

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 1st 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>
2015	\$ 15,152	3,262	18,414
2016	15,920	2,504	18,424
2017	16,716	1,708	18,424
2018	17,657	787	18,444
Total	\$ 65,445	<u>8,261</u>	<u>73,706</u>
Less current portion	<u>(15,152)</u>		
Total non-current	<u>\$ 50,293</u>		

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 1st 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>
2015	\$ 2,250	451	2,701
2016	2,363	340	2,703
2017	2,483	220	2,703
2018	1,961	145	2,106
Total	\$ 9,057	<u>1,156</u>	<u>10,213</u>
Less current portion	<u>(2,250)</u>		
Total non-current	<u>\$ 6,807</u>		

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(12) Long-Term Debt, continued

Loans Payable

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 1st and July 1st.

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>
2015	\$ 365,676	156,561	522,237
2016	744,514	299,960	1,044,474
2017	762,413	282,062	1,044,475
2018	780,744	263,730	1,044,474
2019	799,515	244,959	1,044,474
2020-2024	4,295,324	927,048	5,222,372
2025-2029	4,837,119	385,253	5,222,372
2030	516,070	6,168	522,238
Total	\$ 13,101,375	<u>2,565,741</u>	<u>15,667,116</u>
Less current portion	<u>(365,676)</u>		
Total non-current	\$ <u>12,735,699</u>		

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.

As noted in Note 3, the District entered into a contractual agreement with Black Point Golf Links whereby the golf course agreed to reimburse the District for construction costs incurred for the new recycled water facility, in-lieu of connection fees. Black Point Golf Links, as the major customer of the recycled water facility, contributes significantly to the repayment of this loan through the repayment of the note receivable to the District.

The loan is scheduled to mature in 2027. Principal and interest are payable annually on June 19th 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>
2015	\$ 200,839	72,528	273,367
2016	205,658	67,709	273,367
2017	210,594	62,773	273,367
2018	215,648	57,719	273,367
2019	220,824	52,543	273,367
2020-2024	1,186,207	180,628	1,366,835
2025-2027	782,256	37,845	820,101
Total	\$ 3,022,026	<u>531,745</u>	<u>3,553,771</u>
Less current portion	<u>(200,839)</u>		
Total non-current	\$ <u>2,821,187</u>		

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(12) Long-Term Debt, continued

Loans Payable, continued

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 construction of the Recycled Water Expansion project – North Service Area. As of June 30, 2013, eligible costs for reimbursement were \$4,364,335 plus \$11,270 in capitalized interest charges for a total loan of \$4,375,605. Principal and interest payments of \$281,892 are due and payable annually on the loan until fiscal year 2033.

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 construction of the Recycled Water Expansion project – South Service Area. As of June 30, 2014, eligible costs for reimbursement were \$5,357,887 plus \$4,065 in capitalized interest charges for a total loan of \$5,361,952. Principal and interest payments of \$332,407 are due and payable annually on the loan until fiscal year 2034. Future annual debt service payments on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 397,767	216,532	614,299
2016	403,526	210,773	614,299
2017	413,125	201,174	614,299
2018	422,954	191,345	614,299
2019	433,018	181,281	614,299
2020-2024	2,324,700	746,795	3,071,495
2025-2029	2,615,061	456,434	3,071,495
2030-2034	2,257,827	133,837	2,391,664
Total	9,267,978	2,338,171	11,606,149
Less current portion	(397,767)		
Total non-current	\$ 8,870,211		

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

In October 2013, 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 for the North Marin Aqueduct Energy Efficiency Project and West Marin water improvements. 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 27th 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>
2015	\$ 310,686	242,114	552,800
2016	321,490	231,310	552,800
2017	332,657	220,143	552,800
2018	344,213	208,587	552,800
2019	356,169	196,631	552,800
2020-2024	1,975,249	788,751	2,764,000
2025-2029	2,342,989	421,011	2,764,000
2030-2032	1,238,057	51,811	1,289,868
Total	\$ 7,221,510	2,360,358	9,581,868
Less current portion	(310,686)		
Total non-current	\$ 6,910,824		

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(13) Net Position

Calculation of net position per fund as of June 30, 2014, 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	\$ 6,291,113	4,025	606,644	20,463	6,922,245
Depreciable capital assets, net	67,875,520	19,041,202	4,021,117	836,742	91,774,581
Capital project loan proceeds unused	4,435,827	614,299	638,523	-	5,688,649
Current:					
Bonds payable	-	-	(23,916)	-	(23,916)
Loans payable	(651,655)	(598,605)	(42,110)	-	(1,292,370)
Non-current:					
Bonds payable	-	-	(136,000)	-	(136,000)
Loans payable	(18,812,255)	(11,691,398)	(891,368)	-	(31,395,021)
Total net investment in capital assets	<u>59,138,550</u>	<u>7,369,523</u>	<u>4,172,890</u>	<u>857,205</u>	<u>71,538,168</u>
Restricted net position:					
Connection fee reserve	-	-	170,481	-	170,481
Wohler pipeline reserve	395,314	-	-	-	395,314
Collector No. 6 reserve	1,554,276	-	-	-	1,554,276
Olema bond reserve	3,916	-	-	-	3,916
Cash reserve for debt service	-	-	33,485	-	33,485
Accrued interest for debt service	-	-	(1,452)	-	(1,452)
Total restricted net position	<u>1,953,506</u>	<u>-</u>	<u>202,514</u>	<u>-</u>	<u>2,156,020</u>
Unrestricted net position:					
Non-spendable net position:					
Current:					
Materials and supplies inventory	582,837	-	-	-	582,837
Prepaid expenses and deposits	36,364	-	-	1,242	37,606
Non-current:					
Note receivable – Black Point Golf Links	-	1,936,194	-	-	1,936,194
Notes receivable – employee housing loans, net	1,249,200	-	-	-	1,249,200
Total non-spendable net position	<u>1,868,401</u>	<u>1,936,194</u>	<u>-</u>	<u>1,242</u>	<u>3,805,837</u>
Spendable net position are designated as follows:					
Other post-employment benefits reserve	3,310,725	-	-	-	3,310,725
Operating reserve	1,054,336	723,423	241,277	274,088	2,293,124
Total spendable net position	<u>4,365,061</u>	<u>723,423</u>	<u>241,277</u>	<u>274,088</u>	<u>5,603,849</u>
Total unrestricted net position	<u>6,233,462</u>	<u>2,659,617</u>	<u>241,277</u>	<u>275,330</u>	<u>9,409,686</u>
Total net position	<u>\$ 67,325,518</u>	<u>10,029,140</u>	<u>4,616,681</u>	<u>1,132,535</u>	<u>83,103,874</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(13) Net Position, continued

Calculation of net position per fund as of June 30, 2013, 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	\$ 3,942,108	8,806,758	679,948	237,882	13,666,696
Depreciable capital assets, net	67,806,510	10,237,067	3,835,247	656,692	82,535,516
Capital project loan proceeds unused	2,928,882	622,735	509,261	-	4,060,878
Current:					
Bonds payable	-	-	(21,731)	-	(21,731)
Loans payable	(633,523)	(560,929)	(40,603)	-	(1,235,055)
Non-current:					
Bonds payable	-	-	(159,921)	-	(159,921)
Loans payable	(19,825,258)	(12,247,925)	(933,476)	-	(33,006,659)
Total net investment in capital assets	<u>54,218,719</u>	<u>6,857,706</u>	<u>3,868,725</u>	<u>894,574</u>	<u>65,839,724</u>
Restricted net position:					
Connection fee reserve	13	-	166,144	-	166,157
Wohler pipeline reserve	403,678	-	-	-	403,678
Collector No. 6 reserve	1,573,822	-	-	-	1,573,822
Olema bond reserve	12,189	-	-	-	12,189
Cash reserve for debt service	-	-	34,681	-	34,681
Accrued interest for debt service	-	-	(4,075)	-	(4,075)
Total restricted net position	<u>1,989,702</u>	<u>-</u>	<u>196,750</u>	<u>-</u>	<u>2,186,452</u>
Unrestricted net position:					
Non-spendable net position:					
Current:					
Materials and supplies inventory	609,237	-	-	-	609,237
Prepaid expenses and deposits	38,248	-	7,832	1,016	47,096
Non-current:					
Note receivable – Black Point Golf Links	-	2,137,470	-	-	2,137,470
Notes receivable – employee housing loans, net	1,331,785	-	-	-	1,331,785
Total non-spendable net position	<u>1,979,270</u>	<u>2,137,470</u>	<u>7,832</u>	<u>1,016</u>	<u>4,125,588</u>
Spendable net position are designated as follows:					
Other post-employment benefits reserve	3,189,034	-	-	-	3,189,034
Operating reserve	5,862,220	(377,031)	92,863	178,428	5,756,480
Total spendable net position	<u>9,051,254</u>	<u>(377,031)</u>	<u>92,863</u>	<u>178,428</u>	<u>8,945,514</u>
Total unrestricted net position	<u>11,030,524</u>	<u>1,760,439</u>	<u>100,695</u>	<u>179,444</u>	<u>13,071,102</u>
Total net position	<u>\$ 67,238,945</u>	<u>8,618,145</u>	<u>4,166,170</u>	<u>1,074,018</u>	<u>81,097,278</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(14) 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, 2014 and 2013 was \$4,396,985 and \$3,794,645, 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 position.

(15) 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 and Annual Pension Cost

The contribution rate for plan members in the CalPERS 2.5% at 55 Risk Pool Retirement Plan is 8.00% of their annual covered salary. The District makes these contributions required of District employees on their behalf and for their account. Beginning January 1, 2013, District employees began contributing 3.20% of their 8.00% member rate with the District contributing the remaining 4.80%. The District's labor agreement with its employees association requires that employees pay the full 8.00%, phased in annually each October 1st, by 2016. 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 2014, 2013 and 2012 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.

California Public Employees Pension Reform Act of 2013

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013.

Key components of the legislation are as follows:

- Establishes PEPRA which will apply to all public employers and public pension plans on and after January 1, 2013 (Except specific exemptions);
- Establishes new retirement tiers/benefits for new public employees;
- Prohibits certain cash payments from being counted as compensation; and
- Increases retirement age for all new public employees.

Second-Tier – Beginning January 1, 2013

The contribution rate for plan members in the CalPERS 2.0% at 62 Retirement Plan under PEPRA is 6.25% of their annual covered wages. The District filed a Certification of Memorandum of Understanding (MOU) Impairment with CalPERS prior to January 1, 2013. All District employees, including those employees hired on or after January 1, 2013 contribute 3.2% of their annual covered wages to their account. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members.

**North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013**

(15) Defined Benefit Pension Plan, continued

For fiscal years 2014, 2013 and 2012, 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>
2011-2012	\$ 1,031,112	100%	-	18.154%
2012-2013	1,068,211	100%	-	18.947%
2013-2014	819,854	100%	-	20.035%

See Page 44 for the Schedules of Funding Status for the defined benefit pension plan.

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	June 30, 2012
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll, open
Average remaining amortization period	19 years as of the valuation date
Asset valuation method	15 year smoothed market
Actuarial assumptions:	
Discount rate	7.50% (net of administrative expenses)
Projected salary increase	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

(16) 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 \$54,624,000 property and equipment policy, a \$1.0 million public official's policy and a \$500,000 employee fidelity bond.

(17) 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 SCWA'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, 2014, the District's reserve balances for these obligations were \$395,314 (Wohler Pipeline) and \$1,554,276 (Collector #6).

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2014 and 2013

(17) Commitments and Contingencies, continued

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 3.0% annually to \$0.2981 per kilowatt hour over a 20-year contract period. Also, in February 2013, 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. The District also improves and modifies its existing infrastructure and finances such improvements from its reserves. The District has committed to approximately \$12,124,617 in remaining costs of existing District capital projects as of June 30, 2014.

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.

(18) Subsequent Event

Events occurring after June 30, 2014 have been evaluated for possible adjustment to the financial statements or disclosure as of September 30, 2014, 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, 2014 and 2013

(19) Governmental Accounting Standards Board Statements

Newly Issued Accounting Pronouncements, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2014, that has effective dates that may impact future financial presentations.

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.

Governmental Accounting Standards Board Statement No. 69

In January 2013, the GASB issued Statement No. 69 – *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to provide new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013. 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. 71

In November 2013, the GASB issued Statement No. 71 – *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of GASB Statement No. 68. The impact of the implementation of this Statement to the District's financial statements has not been assessed at this time.

Required Supplementary Information

**North Marin Water District
Schedules of Funding Status
For the Years Ended June 30, 2014 and 2013**

1. Defined Benefit Pension Plan

Development of the Actuarial Value of Assets Calculation in a Risk Pool			
The District is part of the CalPERS Miscellaneous 2.5% at 55 yrs. Risk Pool	June 30, 2011	June 30, 2012	June 30, 2013*
1. Plan's accrued liability	\$ 33,289,875	34,616,392	-
2. Plan's side fund	(2,272,881)	(2,221,577)	-
3. Pool's accrued liability	2,135,350,204	2,254,622,362	-
4. Pool's side fund	(117,829,589)	(107,443,058)	-
5. Pool's actuarial value of assets (AVA) including receivables	1,724,200,585	1,837,489,422	-
6. Plan's actuarial value of assets (AVA) including receivables [(1+2) / (3+4) x 5]	26,507,545	27,722,477	-
7. Pool's market value of assets (MVA) including receivables	1,543,100,350	1,545,132,565	-
8. Plan's market value of assets (MVA) including receivables [(1+2) / (3+4) x 7]	23,723,343	23,311,646	-

Funding History

The Funding History below shows the actuarial accrued liability, the actuarial value of assets, the market value of assets, funded ratios and the annual covered payroll. The actuarial value of assets is used to establish funding requirements and the funded ratio on this basis represents the progress toward fully funding future benefits for current plan participants. The funded ratio based on the market value of assets is an indicator of the short-term solvency of the plan in the risk pool.

Actuarial Valuation Date	Actuarial Accrued Liability (a)	Share of Pool's Market Value of Assets (MVA) (b)	Plan's Share of Pool's Unfunded Liability (a-b)	Funded Ratio MVA (b/a)	Annual Covered Payroll
June 30, 2011	\$ 33,289,875	23,723,343	9,566,532	71.3%	\$ 3,965,056
June 30, 2012	34,616,392	23,311,646	11,304,746	67.3%	4,023,393
June 30, 2013	*	-	-	0.0%	-

* CalPERS has not provided the information for this period as of the date of the audit report.

2. Other Post-Employment Benefits Payable

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)
July 1, 2012	\$ -	3,130,628	3,130,628	0.00%	\$ 4,348,543	71.99%
July 1, 2009	-	2,601,556	2,601,556	0.00%	4,418,559	58.88%
July 1, 2006	-	2,637,574	2,637,574	0.00%	4,262,790	61.87%

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every three years or annually if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2016 based on the year ending June 30, 2015. (See Notes 11 and 13 for District other post-employment benefits reserve designations)

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Supplemental Information

Combining Schedules

North Marin Water District
Combining Schedule of Net Position
For the Year Ended June 30, 2014

<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	\$ 4,443,465	438,053	70,039	282,895	5,234,452
Restricted – cash and cash equivalents	1,860,743	614,299	842,489	-	3,317,531
Accrued interest receivable	13,561	-	-	-	13,561
Accounts receivable – water and sewer sales	2,800,170	260,116	154,721	2,326	3,217,333
Accounts receivable – governmental agencies	835,976	-	-	-	835,976
Accounts receivable – other	29,947	8,265	-	-	38,212
Capital grants and loan proceeds receivable	-	-	65,159	-	65,159
Note receivable – Black Point Golf Links	-	201,276	-	-	201,276
Notes receivable – employee computer loans	590	-	-	-	590
Provision for pension related debt – current portion	-	-	-	-	-
Materials and supplies inventory	582,837	-	-	-	582,837
Prepaid expenses and deposits	36,364	-	-	1,242	37,606
Total current assets	<u>10,603,653</u>	<u>1,522,009</u>	<u>1,132,408</u>	<u>286,463</u>	<u>13,544,533</u>
Non-current assets:					
Restricted – investments	6,244,026	-	-	-	6,244,026
Internal balances	-	-	-	-	-
Note receivable – Black Point Golf Links	-	1,936,194	-	-	1,936,194
Notes receivable – employee housing loans, net	1,249,200	-	-	-	1,249,200
Provision for pension related debt	-	-	-	-	-
Capital assets, not being depreciated	6,291,113	4,025	606,644	20,463	6,922,245
Depreciable capital assets, net	67,875,520	19,041,202	4,021,117	836,742	91,774,581
Total non-current assets	<u>81,659,859</u>	<u>20,981,421</u>	<u>4,627,761</u>	<u>857,205</u>	<u>108,126,246</u>
Total assets	\$ <u>92,263,512</u>	<u>22,503,430</u>	<u>5,760,169</u>	<u>1,143,668</u>	<u>121,670,779</u>
<i>Liabilities and Net Position</i>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 2,267,636	57,520	-	747	2,325,903
Accrued wages and related payables	175,973	12,956	26,600	8,628	224,157
Accrued claims payable	23,492	411	795	258	24,956
Customer advances and deposits	1,715,436	-	21,247	1,500	1,738,183
Accrued interest payable – long-term debt	3,272	113,400	1,452	-	118,124
Long-term liabilities – due within one year:					
Compensated absences	148,657	-	-	-	148,657
Bonds payable	-	-	23,916	-	23,916
Loans payable	651,655	598,605	42,110	-	1,292,370
Pension related debt	-	-	-	-	-
Total current liabilities	<u>4,986,121</u>	<u>782,892</u>	<u>116,120</u>	<u>11,133</u>	<u>5,896,266</u>
Non-current liabilities:					
Long-term liabilities – due in more than one year:					
Compensated absences	445,971	-	-	-	445,971
Other post-employment benefits payable	693,647	-	-	-	693,647
Bonds payable	-	-	136,000	-	136,000
Loans payable	18,812,255	11,691,398	891,368	-	31,395,021
Pension related debt	-	-	-	-	-
Total non-current liabilities	<u>19,951,873</u>	<u>11,691,398</u>	<u>1,027,368</u>	<u>-</u>	<u>32,670,639</u>
Total liabilities	<u>24,937,994</u>	<u>12,474,290</u>	<u>1,143,488</u>	<u>11,133</u>	<u>38,566,905</u>
Net position:					
Net investment in capital assets	59,138,550	7,369,523	4,172,890	857,205	71,538,168
Restricted for capital projects and debt service	1,953,506	-	202,514	-	2,156,020
Unrestricted	6,233,462	2,659,617	241,277	275,330	9,409,686
Total net position	<u>67,325,518</u>	<u>10,029,140</u>	<u>4,616,681</u>	<u>1,132,535</u>	<u>83,103,874</u>
Total liabilities and net position	\$ <u>92,263,512</u>	<u>22,503,430</u>	<u>5,760,169</u>	<u>1,143,668</u>	<u>121,670,779</u>

See accompanying notes to the basic financial statements

North Marin Water District
Combining Schedule of Net Position
For the Year Ended June 30, 2013

<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	\$ 3,134,222	-	-	192,042	3,326,264
Restricted – cash and cash equivalents	2,371,904	622,735	698,710	-	3,693,349
Accrued interest receivable	10,772	-	-	-	10,772
Accounts receivable – water and sewer sales	3,091,103	189,562	150,777	1,738	3,433,180
Accounts receivable – governmental agencies	613,517	231,562	-	-	845,079
Accounts receivable – other	85,261	-	-	1,000	86,261
Capital grants and loan proceeds receivable	-	4,060,378	-	-	4,060,378
Note receivable – Black Point Golf Links	-	196,513	-	-	196,513
Notes receivable – employee computer loans	2,138	-	-	-	2,138
Provision for pension related debt – current portion	79,928	-	-	-	79,928
Materials and supplies inventory	609,237	-	-	-	609,237
Prepaid expenses and deposits	38,248	-	7,832	1,016	47,096
Total current assets	<u>10,036,330</u>	<u>5,300,750</u>	<u>857,319</u>	<u>195,796</u>	<u>16,390,195</u>
Non-current assets:					
Restricted – investments	3,006,442	-	-	-	3,006,442
Internal balances	4,755,421	(4,755,421)	-	-	-
Note receivable – Black Point Golf Links	-	2,137,470	-	-	2,137,470
Notes receivable – employee housing loans, net	1,331,785	-	-	-	1,331,785
Provision for pension related debt	2,073,696	-	-	-	2,073,696
Capital assets, not being depreciated	3,942,108	8,806,758	679,948	237,882	13,666,696
Depreciable capital assets, net	67,806,510	10,237,067	3,835,247	656,692	82,535,516
Total non-current assets	<u>82,915,962</u>	<u>16,425,874</u>	<u>4,515,195</u>	<u>894,574</u>	<u>104,751,605</u>
Total assets	<u>\$ 92,952,292</u>	<u>21,726,624</u>	<u>5,372,514</u>	<u>1,090,370</u>	<u>121,141,800</u>
<i>Liabilities and Net Position</i>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 1,269,462	226,071	-	5,512	1,501,045
Accrued wages and related payables	164,207	8,612	25,627	9,093	207,539
Accrued claims payable	21,285	247	697	247	22,476
Customer advances and deposits	459,762	938	20,214	1,500	482,414
Accrued interest payable – long-term debt	3,984	63,757	4,075	-	71,816
Long-term liabilities – due within one year:					
Compensated absences	149,008	-	-	-	149,008
Bonds payable	-	-	21,731	-	21,731
Loans payable	633,523	560,929	40,603	-	1,235,055
Pension related debt	79,928	-	-	-	79,928
Total current liabilities	<u>2,781,159</u>	<u>860,554</u>	<u>112,947</u>	<u>16,352</u>	<u>3,771,012</u>
Non-current liabilities:					
Long-term liabilities – due in more than one year:					
Compensated absences	447,025	-	-	-	447,025
Other post-employment benefits payable	586,209	-	-	-	586,209
Bonds payable	-	-	159,921	-	159,921
Loans payable	19,825,258	12,247,925	933,476	-	33,006,659
Pension related debt	2,073,696	-	-	-	2,073,696
Total non-current liabilities	<u>22,932,188</u>	<u>12,247,925</u>	<u>1,093,397</u>	<u>-</u>	<u>36,273,510</u>
Total liabilities	<u>25,713,347</u>	<u>13,108,479</u>	<u>1,206,344</u>	<u>16,352</u>	<u>40,044,522</u>
Net position:					
Net investment in capital assets	54,218,719	6,857,706	3,868,725	894,574	65,839,724
Restricted for capital projects and debt service	1,989,702	-	196,750	-	2,186,452
Unrestricted	11,030,524	1,760,439	100,695	179,444	13,071,102
Total net position	<u>67,238,945</u>	<u>8,618,145</u>	<u>4,166,170</u>	<u>1,074,018</u>	<u>81,097,278</u>
Total liabilities and net position	<u>\$ 92,952,292</u>	<u>21,726,624</u>	<u>5,372,514</u>	<u>1,090,370</u>	<u>121,141,800</u>

See accompanying notes to the basic financial statements

North Marin Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014

	<u>Novato Water</u>	<u>Novato Recycled</u>	<u>West Marin Water</u>	<u>Oceana Marin Sewer</u>	<u>Inter-District Eliminations</u>	<u>Total</u>
Operating revenues:						
Water consumption sales	\$ 13,736,015	715,711	633,904	-	-	15,085,630
Bi-monthly meter service charge	4,112,544	27,002	169,038	-	-	4,308,584
Sewer service charges	-	-	-	177,970	-	177,970
Water conservation projects	4,410	-	-	-	-	4,410
Other charges and services	793,907	712	6,268	140	-	801,027
Total operating revenues	18,646,876	743,425	809,210	178,110	-	20,377,621
Operating expenses:						
Source of supply	6,033,812	171,265	21,173	-	-	6,226,250
Pumping	329,909	2,574	30,514	-	-	362,997
Water facilities operations	654,217	77,010	53,916	-	-	785,143
Water treatment	1,767,930	15,764	146,416	-	-	1,930,110
Transmission and distribution	2,244,648	25,154	146,566	-	-	2,416,368
Sewage collection and treatment	-	-	-	120,548	-	120,548
Customer service	560,499	-	24,333	2,235	-	587,067
General and administrative	1,222,340	21,502	41,561	15,736	-	1,301,139
Water conservation projects	429,444	-	9,790	-	-	439,234
Total operating expenses	13,242,799	313,269	474,269	138,519	-	14,168,856
Operating income before depreciation	5,404,077	430,156	334,941	39,591	-	6,208,765
Depreciation	(2,445,635)	(470,894)	(154,749)	(57,024)	-	(3,128,302)
Operating income(loss)	2,958,442	(40,738)	180,192	(17,433)	-	3,080,463
Non-operating revenues(expenses):						
Property tax revenue	-	-	45,184	44,887	-	90,071
Investment earnings	86,083	1,148	3,293	1,051	(24,963)	66,612
Interest earnings from note receivable – BPGL	-	54,059	-	-	-	54,059
Rental revenue	85,058	-	4,035	500	-	89,593
Interest expense – long-term debt	(508,269)	(306,608)	(40,916)	-	24,963	(830,830)
Amortization of deferred charges	-	-	-	-	-	-
Allowance for impairment of employee housing loans	110,000	-	-	-	-	110,000
CalPERS side-fund payoff	(2,073,701)	-	-	-	-	(2,073,701)
Other non-operating revenues	139,252	-	149	-	-	139,401
Other non-operating expenses	(198,856)	(2,111)	(35,525)	(888)	-	(237,380)
Total non-operating revenues, net	(2,360,433)	(253,512)	(23,780)	45,550	-	(2,592,175)
Net income(loss) before capital contributions	598,009	(294,250)	156,412	28,117	-	488,288
Capital contributions:						
Developers and others	393,766	-	5,239	-	-	399,005
Contributed capital assets	6,600	-	-	-	-	6,600
Connection fees	99,600	-	22,800	30,400	-	152,800
Capital grants – federal	-	138,073	-	-	-	138,073
Capital grants – state and local	538,799	16,971	266,060	-	-	821,830
Capital contributions	1,038,765	155,044	294,099	30,400	-	1,518,308
Change in net position	1,636,774	(139,206)	450,511	58,517	-	2,006,596
Net position transfer	(1,550,201)	1,550,201	-	-	-	-
Net position, beginning of year	67,238,945	8,618,145	4,166,170	1,074,018	-	81,097,278
Net position, end of year	\$ 67,325,518	10,029,140	4,616,681	1,132,535	-	83,103,874

See accompanying notes to the basic financial statements

North Marin Water District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2013

	<u>Novato Water</u>	<u>Novato Recycled</u>	<u>West Marin Water</u>	<u>Oceana Marin Sewer</u>	<u>Inter-District Eliminations</u>	<u>Total</u>
Operating revenues:						
Water consumption sales	\$ 13,037,719	334,435	614,880	-	-	13,987,034
Bi-monthly meter service charge	3,484,240	7,501	138,684	-	-	3,630,425
Sewer service charges	-	-	-	157,992	-	157,992
Water conservation projects	1,260	-	-	-	-	1,260
Other charges and services	474,339	510	5,078	-	-	479,927
Total operating revenues	16,997,558	342,446	758,642	157,992	-	18,256,638
Operating expenses:						
Source of supply	5,240,210	80,617	22,161	-	-	5,342,988
Pumping	323,223	398	28,195	-	-	351,816
Water facilities operations	615,691	66,623	34,466	-	-	716,780
Water treatment	1,830,439	42,868	113,619	-	-	1,986,926
Transmission and distribution	2,177,332	38,276	124,722	-	-	2,340,330
Sewage collection and treatment	-	-	-	127,903	-	127,903
Customer service	528,093	-	21,947	2,162	-	552,202
General and administrative	1,369,979	15,852	45,864	18,098	-	1,449,793
Water conservation projects	266,250	-	5,857	-	-	272,107
Total operating expenses	12,351,217	244,634	396,831	148,163	-	13,140,845
Operating income before depreciation	4,646,341	97,812	361,811	9,829	-	5,115,793
Depreciation	(2,425,744)	(174,242)	(148,654)	(44,720)	-	(2,793,360)
Operating income(loss)	2,220,597	(76,430)	213,157	(34,891)	-	2,322,433
Non-operating revenues(expenses):						
Property tax revenue	-	-	44,987	43,101	-	88,088
Investment earnings	194,366	58,711	3,252	724	(176,340)	80,713
Rental revenue	67,433	-	3,917	500	-	71,850
Gain from dental liability reserve offset	-	-	-	-	-	-
Interest expense – long-term debt	(573,539)	(337,480)	(44,084)	-	176,340	(778,763)
Amortization of deferred charges	(77,500)	-	(11,376)	-	-	(88,876)
Allowance for impairment of employee housing loans	280,000	-	-	-	-	280,000
Other non-operating revenues	86,437	115	1,987	19,253	-	107,792
Other non-operating expenses	(7,033)	(38,047)	(588)	(626)	-	(46,294)
Total non-operating revenues, net	(29,836)	(316,701)	(1,905)	62,952	-	(285,490)
Net income(loss) before capital contributions	2,190,761	(393,131)	211,252	28,061	-	2,036,943
Capital contributions:						
Developers and others	302,298	-	(1,451)	5,000	-	305,847
Contributed capital assets	55,298	-	-	-	-	55,298
Connection fees	871,450	-	4,900	-	-	876,350
Capital grants – federal	-	1,232,700	-	-	-	1,232,700
Capital grants – state and local	-	528,750	-	-	-	528,750
Capital contributions	1,229,046	1,761,450	3,449	5,000	-	2,998,945
Change in net position	3,419,807	1,368,319	214,701	33,061	-	5,035,888
Net position transfer	(1,970,400)	1,970,400	-	-	-	-
Net position, beginning of year	65,789,538	5,279,426	3,951,469	1,040,957	-	76,061,390
Net position, end of year	\$ 67,238,945	8,618,145	4,166,170	1,074,018	-	81,097,278

See accompanying notes to the basic financial statements

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Statistical Information Section

North Marin Water District Statistical Section

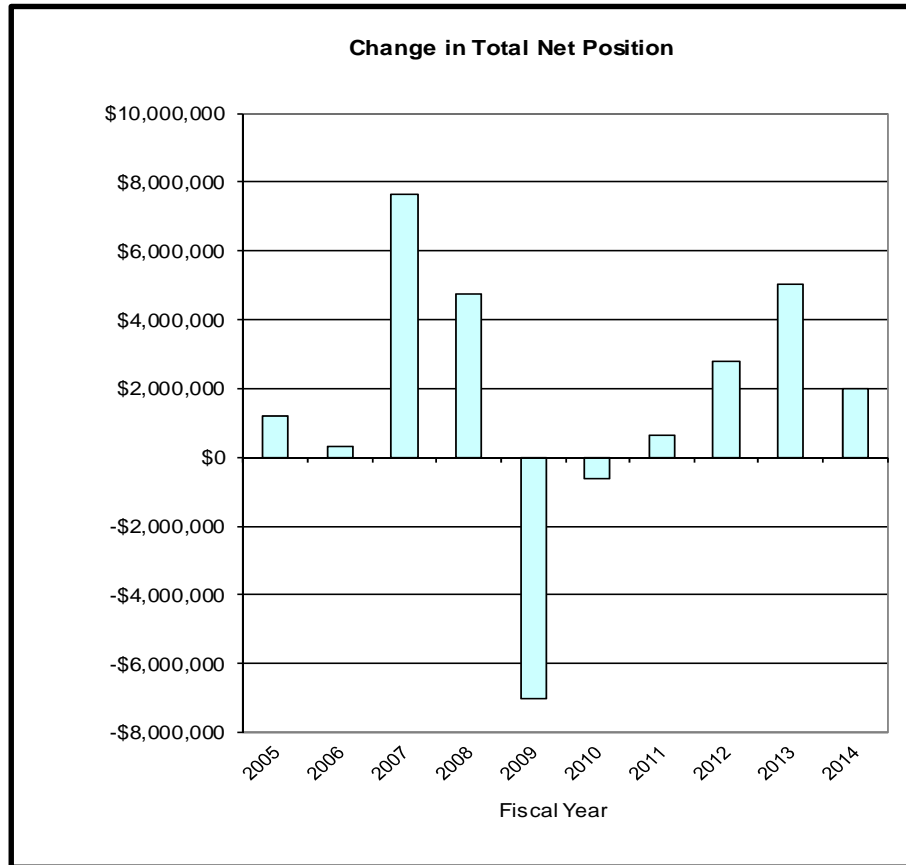
This part of the District's comprehensive annual financial report presents detailed information as context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the District's overall financial health.

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	<u>Page No.</u>
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

**North Marin Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years**

	Fiscal Year		
	2005	2006	2007
Change in net assets:			
Operating revenues (see schedule 2)	\$9,545,264	\$10,089,848	\$11,848,037
Operating expenses (see schedule 3)	(9,055,754)	(10,605,417)	(12,555,989)
Depreciation and amortization	(1,004,844)	(1,069,150)	(1,490,077)
Operating income(loss)	(\$515,334)	(\$1,584,719)	(\$2,198,029)
Net non-op revenue(expense) (see schedule 4)	(389,534)	(251,982)	1,178,739
Net income(loss) before capital contributions	(\$904,868)	(\$1,836,701)	(\$1,019,290)
Capital contributions	2,099,524	2,133,298	8,639,031
Change in net position	\$1,194,656	\$296,597	\$7,619,741
Net position by component:			
Net investment in capital assets	\$54,510,568	\$57,718,713	\$59,290,284
Restricted	6,721,908	7,130,109	4,994,444
Unrestricted	9,785,723	6,465,974	11,179,233
Total net position	\$71,018,199	\$71,314,796	\$75,463,961



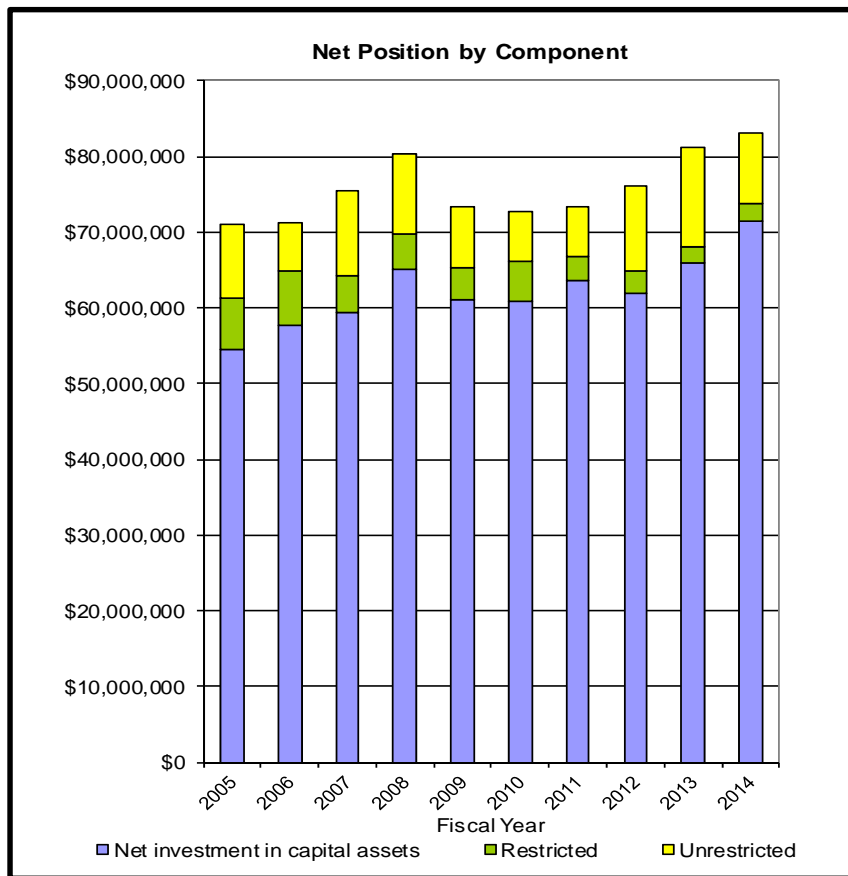
Source: North Marin Water District Audited Financial Statements

(1) Asset lives were adjusted in November 2008 which resulted in a large depreciation adjustment

**North Marin Water District
Changes in Net Position and Net Position by Component
Last Ten Fiscal Years, continued**

Schedule 1

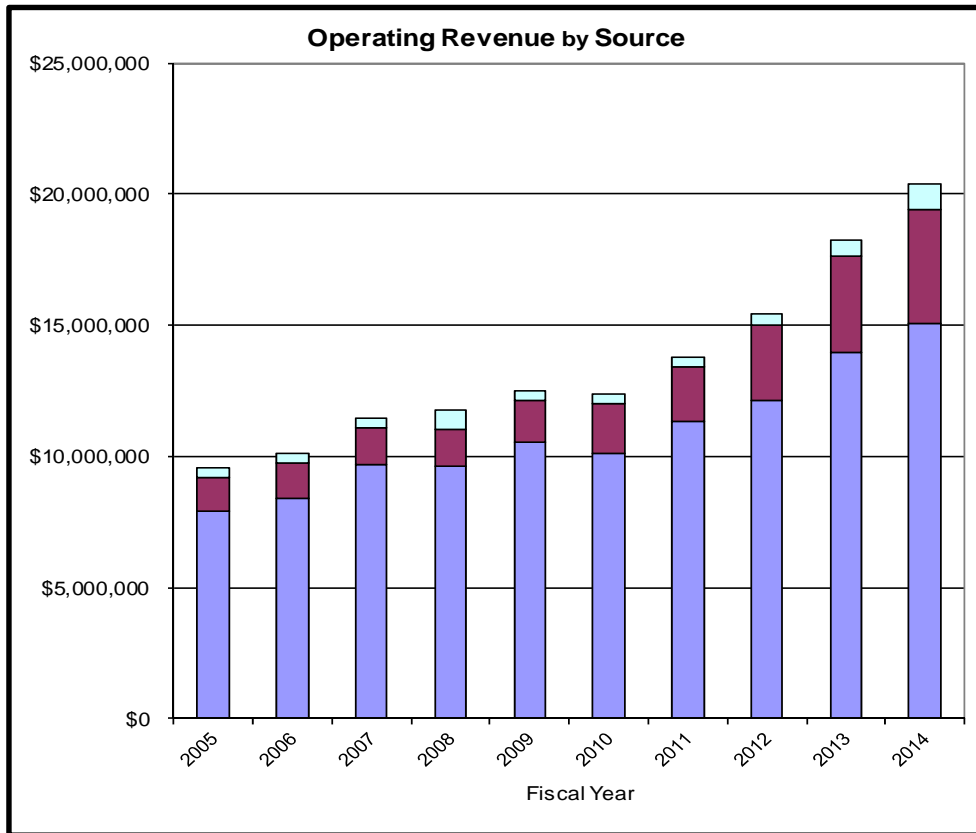
Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$11,779,157	\$12,526,294	\$12,381,493	\$13,797,012	\$15,435,733	\$18,256,638	\$20,377,621
(12,538,993)	(13,257,125)	(13,083,372)	(11,878,612)	(12,610,862)	(13,140,845)	(14,168,856)
(1,761,673)	(10,091,139) ⁽¹⁾	(2,659,883)	(2,660,418)	(2,726,598)	(2,793,360)	(3,128,302)
(\$2,521,509)	(\$10,821,970)	(\$3,361,762)	(\$742,018)	\$98,273	\$2,322,433	\$3,080,463
197,211	8,954	(255,218)	(414,563)	(531,318)	(285,490)	(2,592,175)
(\$2,324,298)	(\$10,813,016)	(\$3,616,980)	(\$1,156,581)	(\$433,045)	\$2,036,943	\$488,288
7,061,891	3,776,402	2,998,366	1,785,475	3,200,979	2,998,945	1,518,308
\$4,737,593	(\$7,036,614)	(\$618,614)	\$628,894	\$2,767,934	\$5,035,888	\$2,006,596
\$65,099,863	\$61,057,551	\$60,880,162	\$63,542,479	\$61,882,478	\$65,839,724	\$71,538,168
4,743,194	4,304,331	5,321,639	3,171,305	2,993,055	2,186,452	2,156,020
10,476,733	7,921,294	6,462,761	6,579,672	11,185,857	13,071,102	9,409,695
\$80,319,790	\$73,283,176	\$72,664,562	\$73,293,456	\$76,061,390	\$81,097,278	\$83,103,883



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

Schedule 2

Fiscal Year	Water Sales	Bi-Monthly Service Charges	Other Charges and Services	Total Operating Revenue
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
2013	13,987,034	3,630,425	639,178	18,256,638
2014	15,085,630	4,308,584	983,407	20,377,621

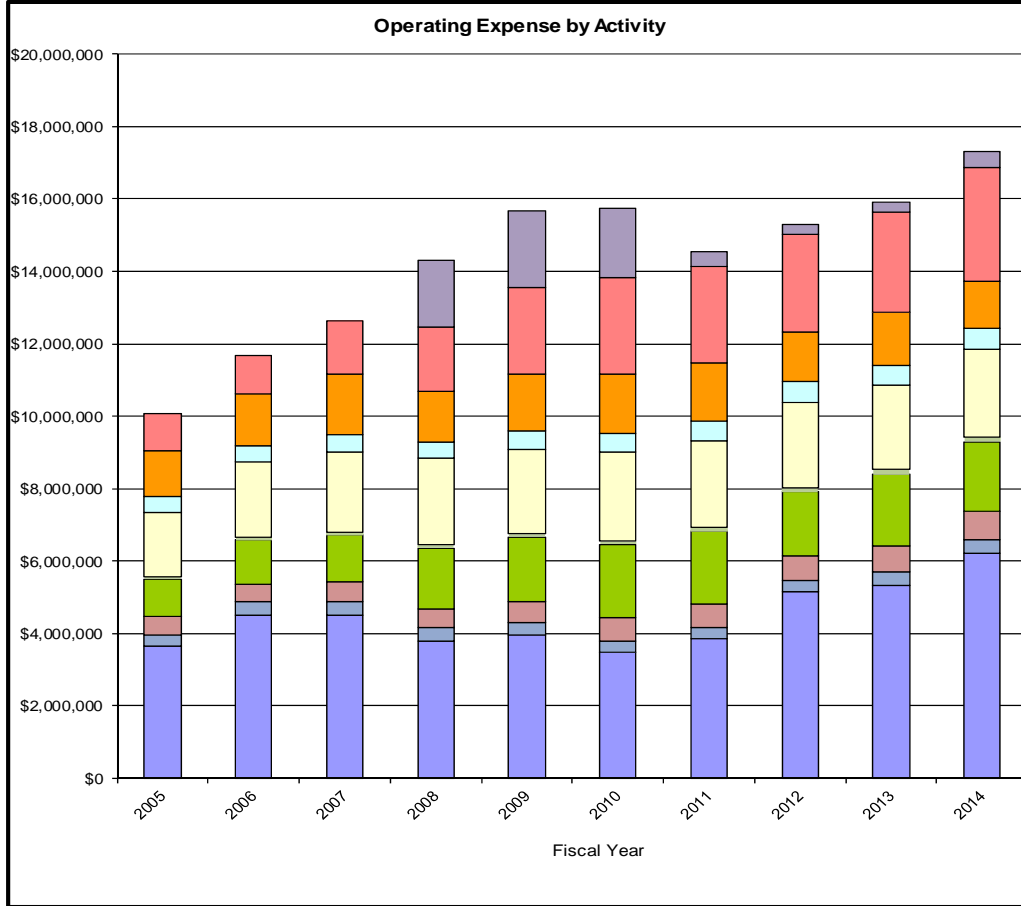


Source: North Marin Water District Audited Financial Statements

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 (2)	Other Op Expense	Deprec and Amortization (1)	Total Op Expense
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	1,400,768	1,834,941	1,761,673	14,300,666
2009	3,960,788	339,236	578,868	1,781,516	98,715	2,335,067	505,218	1,561,044	2,096,673	2,400,106	15,657,231
2010	3,497,565	298,583	633,259	2,027,052	95,116	2,450,765	535,401	1,616,317	1,929,314	2,659,883	15,743,255
2011	3,856,027	299,462	648,743	2,012,125	103,054	2,400,638	564,940	1,605,455	388,168	2,660,418	14,539,030
2012	5,150,183	304,075	708,570	1,747,166	112,801	2,373,132	580,534	1,358,682	275,719	2,690,535	15,301,397
2013	5,342,988	351,816	716,780	1,986,904	127,903	2,340,330	552,202	1,449,793	272,107	2,784,670	15,925,493
2014	6,226,250	362,997	785,143	1,930,110	120,548	2,416,368	587,067	1,301,139	439,234	3,128,302	17,297,158



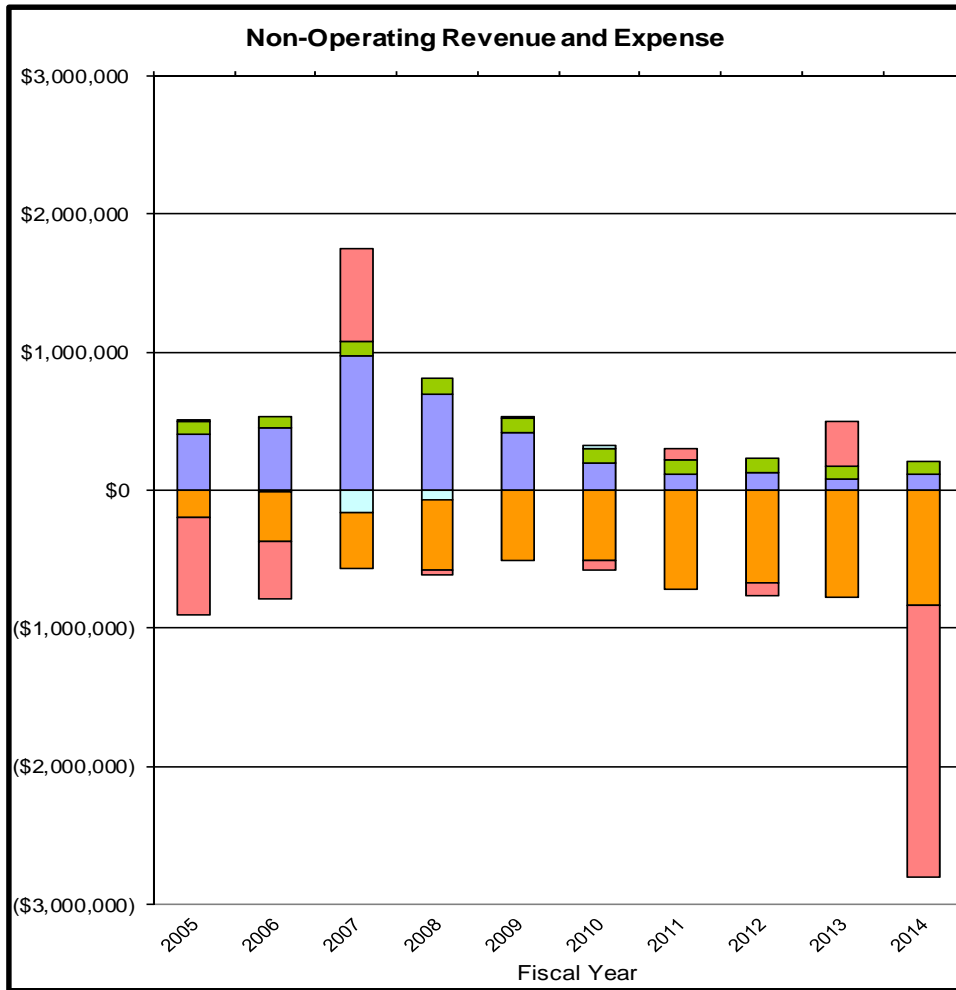
Source: North Marin Water District Audited Financial Statements

- (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 ⁽¹⁾	Property Taxes	Gain/(Loss) on Asset Sales	Interest Expense	Other Inc & Exp, net	Net Non-Op Rev/(Exp)
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)
2013	80,713	88,088	-	(778,762)	324,471	(285,490)
2014	120,671	90,071	-	(830,830)	(1,972,087) ⁽²⁾	(2,592,175)



Notes:

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

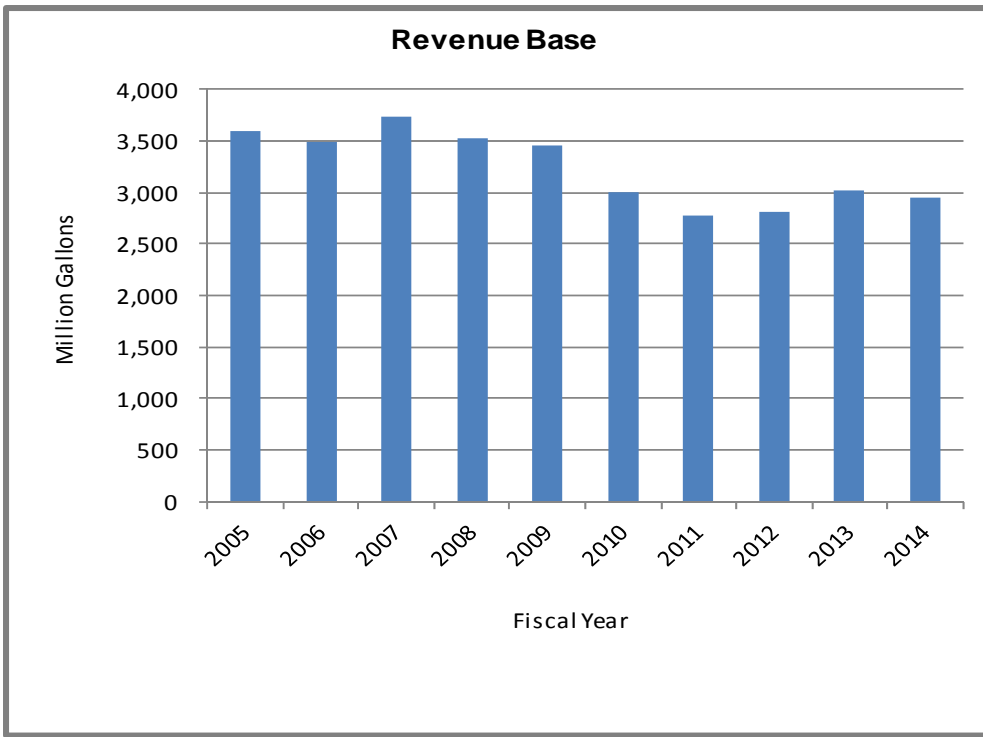
(2) Includes CalPERS Side Fund Payoff (\$2,073,701).

Source: North Marin Water District Audited Financial Statements

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

Schedule 5

Fiscal Year	Water Consumption (Million Gallons)
2005	3,593
2006	3,498
2007	3,743
2008	3,533
2009	3,454
2010	3,011
2011	2,786
2012	2,820
2013	3,018
2014	2,948



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	Novato Potable & Recycled					West Marin Water	Oceana Marin Sewer	Total
	Single-Family Residential	Multi-Family Residential	Commerical/Business	Government	Recycled			
2005	17,641	672	1,219	207	-	741	215	20,695
2006	18,054	702	1,232	205	-	753	218	21,164
2007	18,146	712	1,253	214	-	765	220	21,310
2008	18,157	717	1,278	214	-	758	223	21,347
2009	18,197	720	1,280	219	-	760	225	21,401
2010	18,208	730	1,280	220	3	769	225	21,435
2011	18,239	715	1,280	230	3	770	227	21,464
2012	18,298	720	1,246	226	2	777	227	21,496
2013	18,350	687	1,222	233	17	776	227	21,512
2014	18,491	699	1,222	231	44	776	229	21,692

Source: North Marin Water District - Finance Department

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

Schedule 7

Bimonthly Service Charge										
Meter Size	6/30/05	6/30/06	6/30/07	6/30/08	6/30/09	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14
5/8" & 3/4"	\$10.00	\$10.00	\$10.00	\$10.00	\$13.20	\$14.40	\$20.00	\$25.00	\$30.00	\$30.00
1"	\$20.00	\$20.00	\$20.00	\$20.00	\$26.40	\$28.80	\$40.00	\$50.00	\$60.00	\$60.00
1 1/2"	\$24.00	\$24.00	\$24.00	\$24.00	\$32.40	\$35.30	\$49.00	\$61.00	\$73.00	\$73.00
2"	\$38.00	\$38.00	\$38.00	\$38.00	\$50.40	\$54.95	\$76.00	\$95.00	\$114.00	\$114.00
3"	\$75.00	\$75.00	\$75.00	\$75.00	\$99.60	\$108.55	\$151.00	\$189.00	\$227.00	\$227.00
4"	\$120.00	\$120.00	\$120.00	\$120.00	\$159.60	\$173.95	\$242.00	\$303.00	\$364.00	\$364.00
6"	\$251.00	\$251.00	\$251.00	\$251.00	\$334.80	\$364.95	\$507.00	\$634.00	\$761.00	\$761.00
8"	\$375.00	\$375.00	\$375.00	\$375.00	\$499.20	\$544.15	\$756.00	\$945.00	\$1,134.00	\$1,134.00

Water Use Rate (per 1,000 Gallons)										
User Type	6/30/05	6/30/06	6/30/07	6/30/08	6/30/09	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14
<u>Residential</u>										
Zone A Base Rate ⁽¹⁾	\$2.01	\$2.21	\$2.27	\$2.27	\$3.02	\$3.29	\$3.49	\$3.73	\$4.03	\$4.29
Tier 1: 616-1845 gpd	-	-	\$3.61	\$3.61	\$4.81	\$5.24	\$5.55	\$5.94	\$6.42	\$6.84
Tier 2: >1845 gpd	\$6.02	\$6.22	\$6.28	\$6.28	\$8.36	\$9.11	\$9.66	\$10.34	\$11.17	\$11.90
<u>Non-Residential</u>										
Zone A Base Rate ⁽¹⁾	\$2.01	\$2.21	\$2.41	\$2.61	\$3.48	\$3.62	\$3.84	\$4.11	\$4.44	\$4.73
Seasonal Rate	-	-	-	-	-	\$3.90	\$4.13	\$4.42	\$4.77	\$5.08

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 approved rates

**North Marin Water District
Ten Largest Water Customers by Revenue
Current Fiscal Year and Ten Years Ago**

Schedule 8

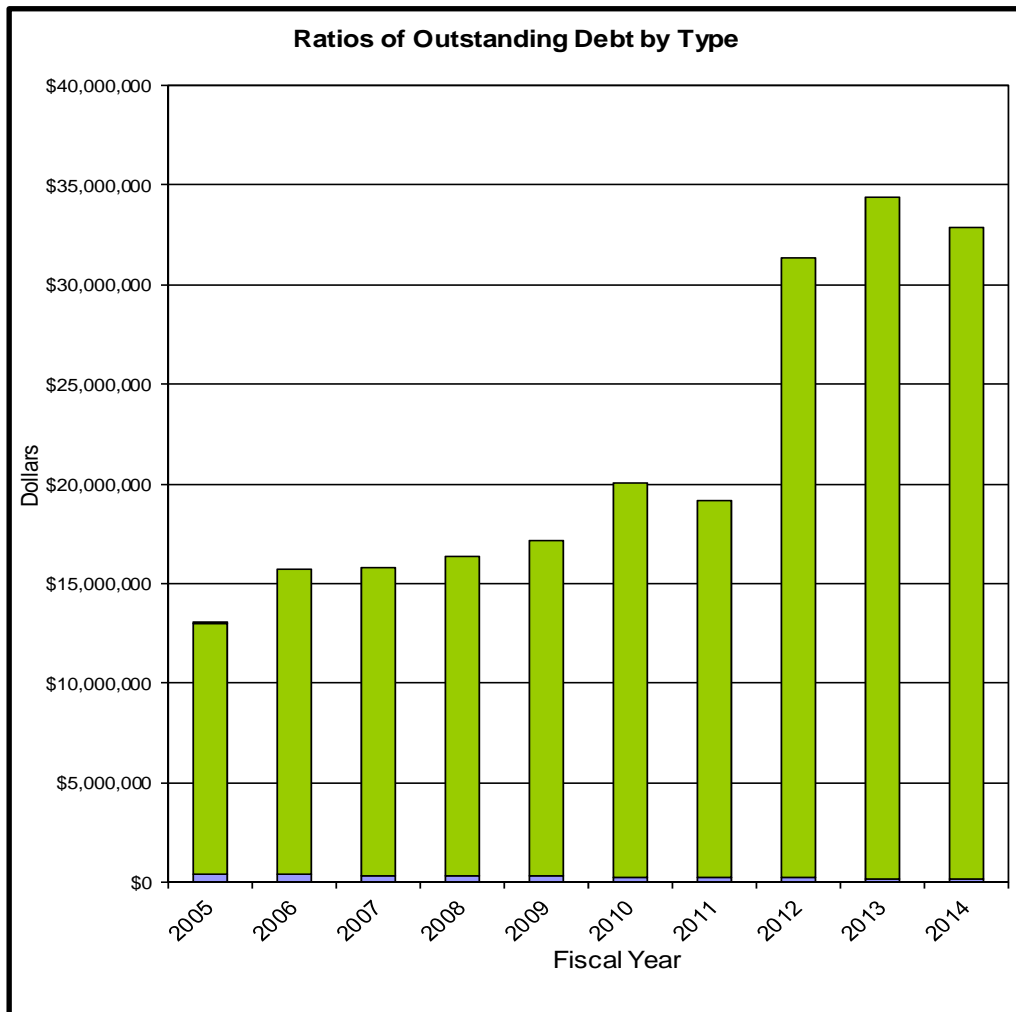
	FY 2013/14	% of Total	FY 2003/04	% of Total
1	City of Novato	2.3%	Coast Guard Spanish Housing	2.1%
2	Novato Unified School District	1.7%	StoneTree Golf Course	1.8%
3	StoneTree Golf Course	1.4%	Novato Unified School District	1.7%
4	Coast Guard Spanish Housing	0.8%	City of Novato	1.7%
5	Biomarin Pharmaceutical	0.7%	Fireman's Fund	0.8%
6	Indian Valley Golf Course	0.7%	Indian Valley Golf Course	0.6%
7	Meadow Park HOA	0.5%	Lanham Village HOA	0.6%
8	Bay Vista Apartments	0.5%	Marin Valley Mobile Country Club	0.4%
9	Fireman's Fund	0.5%	Vintage Oaks Shopping Center	0.4%
10	Marin Valley Mobile Country Club	0.4%	Western Oaks Village	0.4%
		9.5%		10.5%
	Total Water Service Revenue	\$19,500,000		\$8,040,000

Source : NMWD Billing System

**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 ⁽¹⁾
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%
2013	181,652	34,241,715	34,423,367	564.32	0.59%
2014	159,916	32,687,391	32,847,307	538.48	0.54%



Source: North Marin Water District Audited Financial Statements

⁽¹⁾ Per Capita/Personal Income per Capita (See Schedule 11)

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

Schedule 10

<u>Fiscal Year</u>	<u>Revenue⁽¹⁾</u>	<u>Operating Expense⁽²⁾</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>			<u>Coverage Ratio</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2004	13,531,528	(10,138,573)	3,392,955	776,157	197,588	973,745	3.48
2005	11,378,935	(10,520,105)	858,830	399,142	295,881	695,023	1.24
2006	11,999,690	(11,769,614)	230,076	210,070	465,060	675,130	0.34
2007	14,460,109	(13,149,592)	1,310,517	226,423	413,111	639,534	2.05
2008	14,214,682	(12,627,537)	1,587,145	171,909	519,485	691,394	2.30
2009	14,131,892	(13,257,125)	874,767	319,248	513,314	832,562	1.05
2010	14,635,090	(13,102,113)	1,532,977	690,462	694,044	1,384,506	1.11
2011	14,506,888	(11,905,026)	2,601,862	644,740	740,416	1,385,156	1.88
2012	16,789,744	(12,610,862)	4,178,882	1,116,410	654,484	1,770,894	2.35
2013	19,761,431	(13,284,705)	6,476,726	1,337,041	778,762	2,115,803	3.06
2014	21,065,176	(14,168,856)	6,896,320	1,617,945	830,830	2,448,775	2.82

Notes:

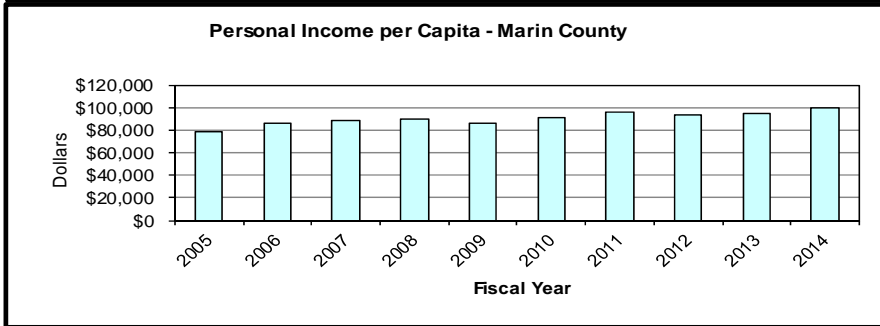
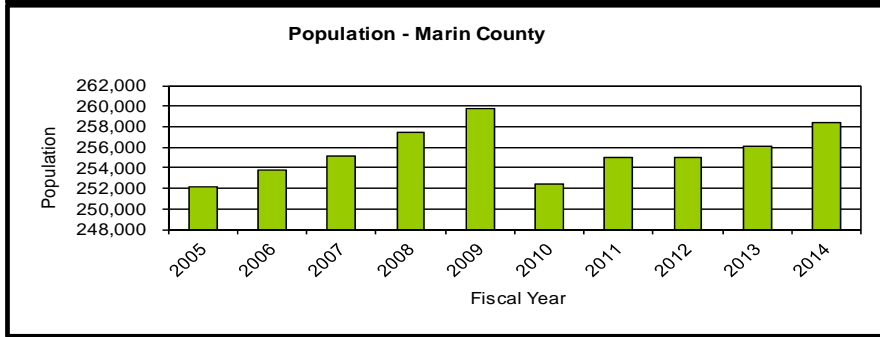
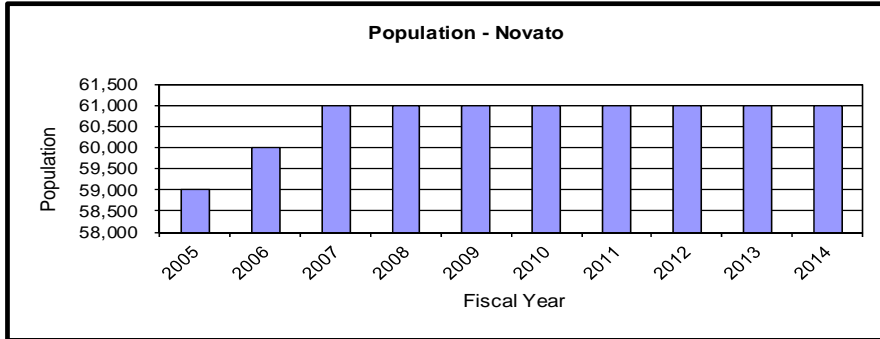
- (1) Revenues includes Connection Fee Revenue, Interest Revenue, Rent & Lease Revenue, other non-operating revenue
(2) Operating expense excludes depreciation expense.

Source: North Marin Water District Audited Financial Statements

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

Schedule 11

Year	Novato Service Area ⁽¹⁾		County of Marin		
	Estimated Population	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
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
2013	61,000	6.0%	256,069	24,342,800	95,063
2014	61,000	4.8%	258,365	25,645,400	99,260



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

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

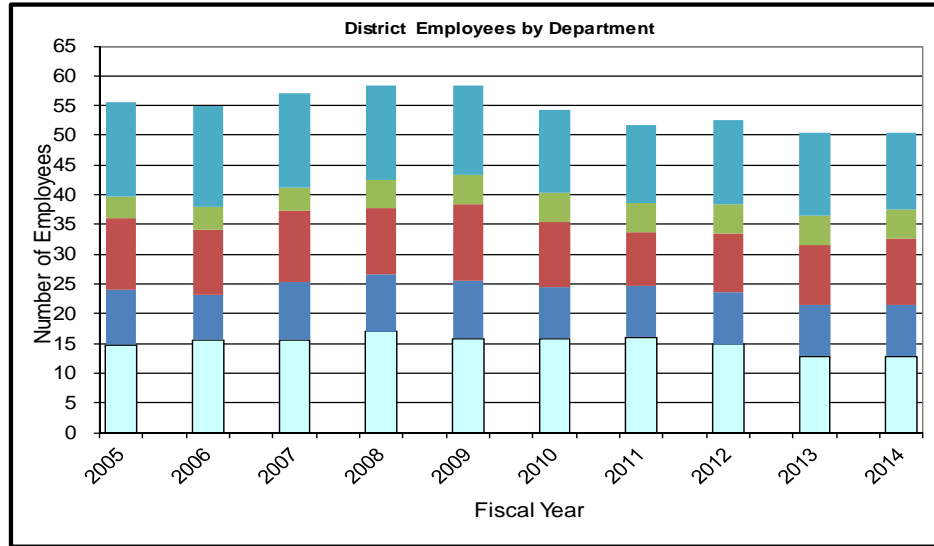
FY 2013/2014				FY 2003/2004		
Employer	Number of Employees	Percent of Total Employment		Employer	Number of Employees	Percent of Total Employment
1 Novato Unified School District	1,264	4.75%		Fireman's Fund	1400	5.81%
2 BioMarin Pharamaceutical	1,052	3.95%		Novato Unified School District	860	3.57%
3 Fireman's Fund	739	2.78%		Greenpoint Mortgage	560	2.32%
4 2K/Visual Concepts Entertain	436	1.64%		Novato Community Hospital	307	1.27%
5 Cagwin & Dorward	410	1.54%		Marin Independent Journal	300	1.24%
6 Novato Community Hospital	304	1.14%		Riverdeep	297	1.23%
7 Costco Wholesale	297	1.12%		Costco Wholesale	250	1.04%
8 Safeway Stores	242	0.91%		Brayton & Associates	244	1.01%
9 Bradley Electric	238	0.89%		City of Novato	234	0.97%
10 Brayton Purcell	215	0.81%		Birkenstock	230	0.95%
	5,197	19.54%			4,682	19.43%

Source: City of Novato

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

Schedule 13

Department	Fiscal Year End									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administrative Services	15	16	16	17	16	16	16	15	13	13
Engineering Services	9	8	10	10	10	9	9	9	9	9
Construction /Maintenance	12	11	12	11	13	11	9	10	10	11
Water Quality	4	4	4	5	5	5	5	5	5	5
Operations / Maintenance	16	17	16	16	15	14	13	14	14	13
	56	55	57	58	58	54	52	53	51	51



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

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

Schedule 14

Other Operating and Capacity Indicators				
Fiscal Year	District Area (Square Miles)	Miles of Pipeline	Number of Fire Hydrants	System Storage Capacity (MG)
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
2013	100	356	2,797	39
2014	100	356	2,805	39

Source: North Marin Water District - Engineering Department

Report on Internal Controls and Compliance



Charles Z. Fedak, CPA, MBA
Paul J. Kaymark, CPA
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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, in accordance with the 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, the financial statements of the North Marin Water District (District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprises the District's basic financial statements, and have issued our report thereon dated September 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

**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, continued***

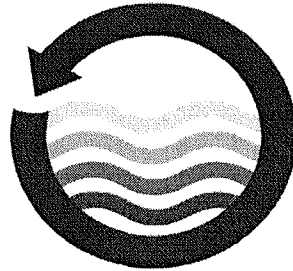
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles Z. Fedak & Company, CPA's – An Accountancy Corporation
Cypress, California
September 30, 2014

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NORTH MARIN WATER DISTRICT



FINANCIAL STATEMENT FISCAL YEAR 2014-15

September 2014

**NORTH MARIN WATER DISTRICT
FINANCIAL STATEMENTS
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MEMORANDUM

To: Board of Directors
 From: David L. Bentley, Auditor-Controller
 Subj: Information – FY14/15 September Financial Statement
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October 17, 2014

FISCAL YEAR PERFORMANCE COMPARED TO THE ANNUAL BUDGET

CONSOLIDATED SUMMARY

Actual vs. Budget	<u>Sep-14</u>	<u>FY14/15 YTD Actual</u>	<u>FY14/15 Budget</u>	<u>FYTD / Budget %</u>
Operating Revenue	\$1,919,948	\$6,157,923	\$19,298,000	32%
Operating Expense	\$1,537,972	\$4,681,035	\$16,918,000	28%
Non-Operating Revenue / (Expense)	(\$42,015)	(\$137,335)	(\$598,000)	23%
Net Income / (Loss)	\$339,961	\$1,339,553	\$1,782,000	75%
Other Sources / (Uses)*	\$1,517,937	(\$901,265)	(\$6,135,000)	15%
Cash Increase / (Decrease)	\$1,857,898	\$438,288	(\$4,353,000)	-

* See Page 8.

For the first quarter of the fiscal year the District generated a net income of \$1,339,553 and saw a net cash increase of \$438,288. On a seasonally adjusted basis, Operating Revenue came in 6% under budget and Operating Expense came in 3% under budget. Twenty three percent of the Capital Improvement Projects Budget was expended this fiscal year-to-date. The District's cash balance increased \$1,857,898 during the month, due to an increase in accounts payable (primarily expenses incurred on the AEEP in September that were paid in October).

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

NOVATO WATER

Year over Year Comparison

	<u>Sep-14</u>	<u>FYTD 14/15</u>	<u>FYTD 13/14</u>	<u>FY15 vs 14 Up/(Down)</u>
Operating Revenue	\$1,745,500	\$5,561,041	\$6,302,876	(12%)
Operating Expense	\$1,393,668	\$4,215,519	\$4,393,871	(4%)
Other Income / (Expense)	(\$20,183)	(\$71,473)	(\$67,894)	5%
Net Income / (Loss)	\$331,649	\$1,274,049	\$1,841,111	(31%)
Active Accounts	20,502	20,502	20,480	0%
Consumption (MG)	266	885	1,079	(18%)
Average Commodity Rate / 1,000 gal (net)	\$5.12	\$5.01	\$4.76	5%
Income / (Loss) / Active Account	\$16.18	\$62.14	\$89.90	(31%)
Income / (Loss) / 1,000 Gal	\$1.25	\$1.44	\$1.71	(16%)
Connection Fee Revenue	\$400,400	\$725,000	\$0	-
Caltrans Capital Contributions	\$4,279,784	\$4,279,784	\$0	-
MMWD AEEP Capital Contribution	\$0	\$245,000	\$0	-
Developer 'In-Kind' Contributions	(\$2,851)	\$47,685	\$152,062	(69%)

Consumption for the period was 18% less than the prior year same period. Total operating revenue, which includes wheeling and other miscellaneous service charges, decreased 12% (\$741,834) due to the consumption decrease offset by the 5% rate increase effective June 1, 2014. Total operating expense was 4% (\$178,352) less than last year same period, due primarily to a decrease in the volume of purchased water.

The Stafford Treatment Plant shut down for the season on September 16th, and produced 0 MG this fiscal year-to-date at a cost of \$2,674/MG¹ versus \$2,276/MG³ from SCWA. The budget for Stafford is 750 MG at a cost of \$2,780/MG.

Salary and benefit cost charged to Novato operations was 1% less than the same period last year. Staff time (hours) charged to Novato operations was 6% more than last year same period. Salary and benefit cost was \$1,375,750, which was 24% of the \$5,702,000 budget for Novato operations.

The fiscal year-to-date net income (which includes non-operating items such as interest revenue and expense) of \$1,274,049 compares to a budgeted net income for the year of \$1,919,000 and to a net income of \$1,841,111 for the prior year same period. \$3,699,033 (21%) of the Novato Water Capital Improvement Project Budget was spent versus \$596,868 (8%) for the prior year same period. \$725,000 in connection fees were collected (\$1,281,000 is budgeted). The Novato cash balance increased \$1,559,839 in September, and stood at \$12,712,557 at month end, compared to a budgeted projection of \$10,067,000 at June 30, 2015.

NOVATO RECYCLED		FYTD	FYTD	FY15 vs 14
Year over Year Comparison	<u>Sep-14</u>	<u>14/15</u>	<u>13/14</u>	<u>Up/(Down)</u>
Operating Revenue	\$85,454	\$307,792	\$301,336	2%
Operating Expense	\$68,411	\$253,515	\$217,016	17%
Other Income / (Expense)	(\$19,541)	(\$59,287)	(\$80,790)	(27%)
Net Income / (Loss)	<u>(\$2,498)</u>	<u>(\$5,010)</u>	<u>\$3,531</u>	-
Active Accounts	44	44	42	5%
Consumption (MG)	17.5	62.9	66.5	(5%)
Average Commodity Rate / 1,000 gal (net)	\$4.73	\$4.73	\$4.44	6%
Deer Island Production (MG)	1.0	1.0	0.0	-
Novato Sanitary Production (MG)	10.9	42.0	46.0	(9%)
Las Gallinas Production (MG)	6.6	23.3	24.8	(6%)
Potable Water Input (MG)	0.0	4.5	3.8	19%

62.9 MG was delivered to RW customers this period, down 5% from the prior year same period. Operating revenue was up 2% due primarily to the June 1, 2014 6.5% commodity rate increase offset by the consumption decrease. Total operating expense was \$36,499 (17%) more than the prior year same period. The recycled water was produced at a cost of \$2,907/MG² versus \$2,276/MG³ from SCWA. The budgeted production cost of recycled water is \$3,682/MG.

The fiscal year-to-date net loss of \$5,010 compares to a budgeted net loss for the year of \$303,000 and a net income of \$3,531 for the prior year same period. \$91,695 (73%) of the Capital Improvement Project Budget has been expended this fiscal year-to-date. Novato Recycled ended the period with a cash balance of \$1,354,876 compared to a budgeted projection of \$1,242,000 at June 30, 2015.

¹ Stafford production cost = op expense (\$236,033) + SRF loan interest (\$78,924) + plant depreciation (\$139,687) / 170 MG produced

² Recycled Water production cost = op expense before depreciation (\$135,597) + Deer Island RW Facility SRF loan interest (\$18,299) + Deer Island plant depreciation (\$28,980) / 62.9 MG produced

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

WEST MARIN WATER

Year over Year Comparison	<u>Sep-14</u>	<u>FYTD 14/15</u>	<u>FYTD 13/14</u>	<u>FY15 vs 14 Up/(Down)</u>
Operating Revenue	\$73,423	\$242,374	\$273,093	(11%)
Operating Expense	\$59,570	\$170,428	\$148,032	15%
Other Income / (Expense)	(\$2,523)	(\$7,879)	(\$12,773)	(38%)
Net Income / (Loss)	<u>\$11,330</u>	<u>\$64,067</u>	<u>\$112,288</u>	(43%)
Active Accounts	777	777	776	0%
Consumption (MG)	5.8	21.3	26.6	(20%)
Average Commodity Rate / 1,000 gal (net)	\$10.23	\$9.33	\$8.77	6%
Income/ (Loss) / Active Account	\$14.58	\$82.45	\$144.70	(43%)
Income / (Loss) / 1,000 Gal	\$1.95	\$3.00	\$4.22	(29%)
Connection Fee Revenue	\$22,800	\$22,800	\$0	-
Developer 'In-Kind' Contributions	\$0	\$0	\$0	-

Consumption for the period was 21.3 MG, 20% less than the previous year same period. Operating revenue of \$242,374 was \$30,719 (11%) less than last year same period due primarily to the consumption decrease offset by the 5% rate increase effective July 1, 2014.

Operating expenditures were \$170,428, up 15% (\$22,396) from the previous year same period, in part due to increase in water treatment costs (\$15,533) and the water conservation program (\$7,600). The fiscal year-to-date net income of \$64,067 compares to a budgeted annual net income of \$196,000 and to a net income of \$112,288 for the prior year same period. \$556,235 (35%) of the Capital Improvement Project Budget has been spent this fiscal year-to-date, and \$22,800 in connection fees were collected (\$23,000 is budgeted). West Marin Water ended the period with a cash balance of \$918,035, compared to a budgeted projection of \$791,000 at June 30, 2015.

OCEANA MARIN SEWER

Year over Year Comparison	<u>Sep-14</u>	<u>FYTD 14/15</u>	<u>FYTD 13/14</u>	<u>FY15 vs 14 Up/(Down)</u>
Operating Revenue	\$15,572	\$46,716	\$44,405	5%
Operating Expense	\$16,323	\$41,574	\$44,449	(6%)
Other Income / (Expense)	\$231	\$1,304	\$964	35%
Net Income / (Loss)	<u>(\$520)</u>	<u>\$6,447</u>	<u>\$920</u>	601%
Active Accounts	229	229	227	1%
Monthly Sewer Service Charge	\$68	\$68	\$65	5%
Income / (Loss) / Active Account	(\$2.27)	\$28.15	\$4.05	-
Connection Fee Revenue	\$0	\$0	\$30,400	-

Operating revenue of \$46,716 was 5% higher than the previous year same period due to a 5% rate increase effective July 1, 2014. Operating expenditures were 6% (\$2,875) lower than last year same period. The fiscal year-to-date net income of \$6,447 compares to a budgeted annual loss of \$30,000 and to a net income of \$920 for the prior year same period. \$12,578 (18%) of the Capital Improvement Project Budget has been expended year-to-date.

No connection fees have been collected (\$15,000 is budgeted). Oceana Marin ended the month with a cash balance of \$248,830, compared to a budgeted projection of \$228,000 at June 30, 2015.

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING SEPTEMBER 30, 2014**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
ASSETS					
Cash & Investments					
Unrestricted/Undesignated Cash	\$302,877	\$0	\$119,569	\$0	\$183,308
Restricted Cash (Note 1)					
Connection Fee Fund	\$188,700	\$0	\$0	\$188,700	\$0
Wohler Pipeline Financing Fund	396,048	396,048	0	0	0
Collector #6 Financing Fund	1,557,161	1,557,161	0	0	0
Revenue Bond Redemption Fund	30,000	0	0	30,000	0
Bank of Marin Project Fund	2,974,600	2,331,048	0	643,552	0
Deer Island RWF Replacement Fund	613,093	0	613,093	0	0
Tax Receipts Held in Marin Co Treasury	3,560	0	0	3,560	1
STP SRF Loan Fund-Marine Co Treasury	524,535	524,535	0	0	0
RWS North/South SRF Payment Fund	614,299	0	614,299	0	0
Designated Cash (Note 2)					
Liability Contingency Fund	508,400	508,400	0	0	0
Self-Insured Workers' Compensation Fund	482,347	468,911	7,915	0	5,521
Retiree Medical Benefits Fund	3,336,140	3,336,140	0	0	0
Drought Contingency Fund	0	0	0	0	0
Maintenance Accrual Fund	3,583,000	3,583,000	0	0	0
Conservation Incentive Rate Fund	52,224	0	0	52,224	0
Operating Reserve Fund	60,000	0	0	0	60,000
Total Cash	\$15,226,983	\$12,705,243	\$1,354,876	\$918,035	\$248,830
Gain/(Loss) on MV of Investments	7,314	7,314	0	0	0
Market Value of Cash & Investments	\$15,234,297	\$12,712,557	\$1,354,876	\$918,035	\$248,830
Current Assets					
Net Receivables - Consumers	\$3,356,268	\$2,916,417	\$216,551	\$176,584	\$46,716
Accounts Receivable - Other	3,600,751	2,674,821	172,706	613,076	140,148
Prepaid Expense	99,815	99,194	0	0	621
Reimbursable Small Jobs	684	684	0	0	0
Interest Receivable	20,445	16,237	4,209	0	0
Inventories	596,359	596,359	0	0	0
Deposits Receivable	25,000	25,000	0	0	0
Total Current Assets	\$7,699,321	\$6,328,711	\$393,466	\$789,660	\$187,485

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING SEPTEMBER 30, 2014**

	<u>TOTAL</u>	<u>NOVATO WATER</u>	<u>NOVATO RECYCLED</u>	<u>WEST MARIN WATER</u>	<u>OCEANA MARIN SEWER</u>
Loans Receivable					
Employee Loans (Note 3)	\$1,249,451	\$1,249,451	\$0	\$0	\$0
Other Long Term Receivables	1,936,194	0	1,936,194	0	0
Loans Receivable	\$3,185,645	\$1,249,451	\$1,936,194	\$0	\$0
Property and Plant					
Land & Land Rights	\$1,473,091	\$1,368,872	\$0	\$103,411	\$808
Dam, Lake, & Source Facilities	5,632,131	5,139,718	0	492,412	0
Treatment Facilities	21,060,233	17,561,535	2,666,198	319,913	512,587
Storage Facilities	18,872,517	16,466,506	519,014	1,886,996	0
Transmission Facilities	5,489,830	5,367,506	0	122,324	0
Distribution Facilities	79,009,205	57,549,469	17,248,670	4,211,065	0
Sewer Mains, Pumps, & Laterals	1,154,525	0	0	0	1,154,525
Sub-Total	\$132,691,531	\$103,453,607	\$20,433,881	\$7,136,122	\$1,667,921
Less Accumulated Depreciation (Note 5)	(41,903,446)	(36,498,176)	(1,510,597)	(3,050,757)	(843,916)
Net Property and Plant	\$90,788,086	\$66,955,431	\$18,923,284	\$4,085,365	\$824,005
Buildings and Equipment					
Buildings	\$2,485,107	\$2,485,107	\$0	\$0	\$0
Office Equipment	683,142	683,142	0	0	0
Laboratory Equipment	299,383	299,383	0	0	0
Trucks & Automobiles	1,166,310	1,166,310	0	0	0
Construction Equipment	724,356	724,356	0	0	0
Tools, Shop Equipment	191,917	191,917	0	0	0
Sub-Total	\$5,550,215	\$5,550,215	\$0	\$0	\$0
Less Accumulated Depreciation	(3,487,138)	(3,487,138)	0	0	0
Net Buildings and Equipment	\$2,063,078	\$2,063,078	\$0	\$0	\$0
Construction In Progress					
Developer	\$290,360	\$285,121	\$0	\$5,239	\$0
District	9,161,597	7,979,416	95,719	1,054,230	32,232
Total Construction in Progress	\$9,451,957	\$8,264,537	\$95,719	\$1,059,468	\$32,232
Net Utility Plant	\$102,303,120	\$77,283,046	\$19,019,004	\$5,144,833	\$856,237
TOTAL ASSETS	\$128,422,383	\$97,573,764	\$22,703,539	\$6,852,528	\$1,292,552

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING SEPTEMBER 30, 2014**

	<u>TOTAL</u>	<u>NOVATO WATER</u>	<u>NOVATO RECYCLED</u>	<u>WEST MARIN WATER</u>	<u>OCEANA MARIN SEWER</u>
LIABILITIES AND NET ASSETS					
Current Liabilities					
Trade Accounts Payable	\$3,078,088	\$2,533,351	\$91,860	\$451,757	\$1,120
Reimbursement Prog. Unclaimed Funds	19,955	16,055	0	3,900	0
Bond Debt Principal Payable-Current	23,916	0	0	23,916	0
Loan Debt Principal Payable-Current	1,213,500	751,641	459,495	2,364	0
Bank of Marin Principal Payable-Current	312,111	271,966	0	40,145	0
Bond/Loan Debt Interest Payable-Current	1,796	626	0	1,170	0
Accrued Interest Payable-SRF Loan	187,758	78,924	108,834	0	0
Deposits/Performance Bonds	134,154	114,154	0	18,500	1,500
Unemployment Insurance Reserve (Note 8)	23,543	23,543	0	0	0
Workers' Comp Future Claims Payable	45,106	42,092	1,130	1,370	514
Payroll Benefits (Note 9)	853,139	794,295	21,120	27,437	10,287
Deferred Revenue	140,148	0	0	0	140,148
Total Current Liabilities	\$6,033,014	\$4,626,447	\$682,439	\$570,559	\$153,569
Restricted Liabilities					
Construction Advances	\$309,275	\$284,703	\$0	\$24,572	\$0
Total Restricted Liabilities	\$309,275	\$284,703	\$0	\$24,572	\$0
Long Term Liabilities (Note 7)					
Bonds Outstanding - PR6 (FmHA)	\$66,000	\$0	\$0	\$66,000	\$0
Bonds Outstanding - PRE1 (FmHA)	61,000	0	0	61,000	0
Drought Loan (EDA)	38,816	34,373	0	4,443	0
STP Rehab SRF Loan	12,365,655	12,365,655	0	0	0
RWF SRF Loan	2,821,188	0	2,821,188	0	0
RWS North/South Expansion SRF Loan	8,870,210	0	8,870,210	0	0
Bank of Marin Loan	6,832,716	5,958,256	0	874,460	0
Retiree Health Benefits Payable	712,897	712,897	0	0	0
Total Long Term Liabilities	\$31,768,482	\$19,071,181	\$11,691,398	\$1,005,904	\$0
TOTAL LIABILITIES	\$38,110,771	\$23,982,331	\$12,373,837	\$1,601,034	\$153,569

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**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING SEPTEMBER 30, 2014**

	<u>TOTAL</u>	<u>NOVATO WATER</u>	<u>NOVATO RECYCLED</u>	<u>WEST MARIN WATER</u>	<u>OCEANA MARIN SEWER</u>
Net Assets					
Invested in Capital Assets					
Contributions in Aid of Construction	\$67,783,316	\$60,902,064	\$4,104,370	\$2,102,206	\$674,676
Grants in Aid of Construction	6,297,380	173,219	3,926,970	2,197,191	0
Connection Fees (Note 15)	30,234,134	24,633,087	3,959,816	1,164,336	476,895
Total Investment	\$104,314,829	\$85,708,370	\$11,991,156	\$5,463,733	\$1,151,570
Restricted Reserves					
Connection Fee Fund	(\$2,076,861)	(\$2,232,246)	\$0	\$188,700	(\$33,315)
Wohler Pipeline Financing Fund	396,048	396,048	0	0	0
Collector #6 Financing Fund	1,557,161	1,557,161	0	0	0
Revenue Bond Redemption Fund	30,000	0	0	30,000	0
Bank of Marin Project Fund	3,281,778	2,637,040	0	644,738	0
Deer Island RWF Replacement Fund	614,269	0	614,269	0	0
RWS North/South SRF Payment Fund	614,299	0	614,299	0	0
Designated Reserves					
Liability Contingency Fund	607,285	508,400	0	98,885	0
Maintenance Accrual Fund	4,040,681	4,040,681	0	0	0
Self-Insured Workers' Compensation Fund	453,411	426,820	6,784	14,800	5,007
Drought Contingency Fund	0	0	0	0	0
Retiree Medical Benefits Fund	2,623,234	2,623,234	0	0	0
Conservation Incentive Rate Fund	52,224	0	0	52,224	0
Operating Reserve Fund	60,000	0	0	0	60,000
Earned Surplus - Prior Yrs	(30,850,639)	(26,630,908)	(2,861,804)	(1,307,521)	(50,407)
Net Income/(Loss)	1,339,552.90	1,274,049.32	(5,009.97)	64,066.91	6,446.64
Transfer (To)/From Reserves (see below)	3,254,340	3,282,783	(29,992)	1,868	(319)
Total Restricted & Designated	(\$14,003,217)	(\$12,116,937)	(\$1,661,454)	(\$212,239)	(\$12,587)
TOTAL NET POSITION	\$90,311,613	\$73,591,433	\$10,329,702	\$5,251,494	\$1,138,983
Transfer (To)/From Reserves					
Connection Fee	1,546,271	1,546,582	0	(311)	0
MMWD Wheeling Charge Capital Contribution	0	0	0	0	0
Maintenance Reserve	(25,000)	(25,000)	0	0	0
RWF Replacement Fund	(29,320)	0	(29,320)	0	0
Retiree Medical Insurance Fund	(6,165)	(6,165)	0	0	0
(Gain)/Loss Self-Insured WC Fund	(28,020)	(26,233)	(672)	(796)	(319)
Bank of Marin Project Fund	1,793,356	1,793,599	0	(243)	0
Conservation Incentive Rate Fund	3,218	0	0	3,218	0
Total Transfer	\$3,254,339.69	\$3,282,782.79	(\$29,992.44)	\$1,868.24	(\$318.90)

**NORTH MARIN WATER DISTRICT
SOURCES AND USES OF FUNDS STATEMENT - ALL SERVICE AREAS COMBINED
FOR PERIOD ENDING SEPTEMBER 30, 2014**

	YTD Actual	Annual Budget	YTD/ Budget %	Prior YTD Actual
OPERATING REVENUE				
Water Sales	\$4,929,302	\$14,410,000	34%	\$5,662,670
Bimonthly Service Charge	1,078,799	4,316,000	25%	1,072,895
Sewer Service Charge	46,716	187,000	25%	44,265
Wheeling & Misc Service Charges	103,106	385,000	27%	141,880
TOTAL OPERATING REVENUE	\$6,157,923	\$19,298,000	32%	\$6,921,710
OPERATING EXPENDITURES				
Source of Supply	\$1,738,047	\$4,879,000	36%	\$1,990,374
Pumping	103,933	411,000	25%	118,860
Operations	186,636	620,000	30%	204,002
Water Treatment	443,747	2,042,000	22%	627,221
Sewer Service	22,184	149,000	15%	25,823
Transmission & Distribution	727,314	2,816,000	26%	569,091
Consumer Accounting	142,063	589,000	24%	134,441
Water Conservation	105,419	467,000	23%	63,863
General & Administrative	406,116	1,799,000	23%	336,732
Depreciation Expense	805,578	3,146,000	26%	732,962
TOTAL OPERATING EXPENDITURES	\$4,681,035	\$16,918,000	28%	\$4,803,368
NET OPERATING INCOME (LOSS)	\$1,476,888	\$2,380,000	62%	\$2,118,342
NON-OPERATING REVENUE/(EXPENSE)				
Tax Proceeds	\$616	\$85,000	1%	\$297
Interest Revenue	32,887	98,000	34%	30,991
Miscellaneous Revenue	45,530	144,000	32%	43,024
Bond & Loan Interest Expense	(215,724)	(867,000)	25%	(227,788)
Miscellaneous Expense	(644)	(58,000)	1%	(7,015)
TOTAL NON-OP REVENUE/(EXPENSE)	(\$137,335)	(\$598,000)	23%	(\$160,491)
NET INCOME/(LOSS)	\$1,339,553	\$1,782,000	75%	\$1,957,851
OTHER SOURCES/(USES) OF FUNDS				
Connection Fees	\$747,800	\$1,319,000	57%	\$30,400
Loan Proceeds	0	0	-	2,911,791
Grant Proceeds	547,916	1,286,000	43%	138,073
Grants Proceeds Receivable	12,187	0	-	701,381
Caltrans Capital Contributions	4,279,784	8,840,000	48%	0
Stone Tree RWF Loan Principal	33,212	201,000	17%	32,426
MMWD AEEP Capital Contribution	245,000	245,000	100%	0
Add Depreciation Expense	805,578	3,146,000	26%	732,962
Capital Equipment Expenditures	(4,646)	(198,000)	2%	(250)
Capital Improvement Projects	(4,359,540)	(19,304,000)	23%	(1,012,516)
Bond & Loan Principal Payments	(242,195)	(1,670,000)	15%	(183,805)
Change in Working Capital	(2,966,360)	0	-	(53,262)
TOTAL OTHER SOURCES/(USES)	(\$901,265)	(\$6,135,000)	15%	\$3,297,200
CASH INCREASE/(DECREASE)	\$438,288	(\$4,353,000)	-	\$5,255,050

**NORTH MARIN WATER DISTRICT
INCOME STATEMENT AND CASH FLOW BY SERVICE AREA
FOR PERIOD ENDING SEPTEMBER 30, 2014**

<u>SUMMARY INCOME STATEMENT</u>	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Operating Revenue	\$6,157,923	\$5,561,041	\$307,792	\$242,374	\$46,716
Operating Expense	4,681,035	4,215,519	253,515	170,428	41,574
OPERATING INCOME/(LOSS)	\$1,476,888	\$1,345,523	\$54,277	\$71,946	\$5,142
Non-Operating Revenue/(Expense)	(\$137,335)	(\$71,473)	(\$59,287)	(\$7,879)	\$1,304
NET INCOME/(LOSS)	\$1,339,553	\$1,274,049	(\$5,010)	\$64,067	\$6,447

CAPITAL CONTRIBUTIONS

Developer In-Kind Contributions	\$47,685	\$47,685	\$0	\$0	\$0
MMWD Capital Contribution	245,000	245,000	0	0	0
Connection Fees	747,800	725,000	0	22,800	0
FRC Transfer	0	(305,556)	305,556	0	0
Capital Grants	547,916	0	0	547,916	0
CAPITAL CONTRIBUTIONS	\$1,588,401	\$712,129	\$305,556	\$570,716	\$0
CHANGE IN NET POSITION	\$2,927,954	\$1,986,178	\$300,546	\$634,783	\$6,447
Net Position July 1, 2014	83,103,874	67,325,517	10,029,139	4,616,682	1,132,537
Net Position September 30, 2014	\$86,031,828	\$69,311,694	\$10,329,685	\$5,251,465	\$1,138,983

CASH FLOW STATEMENT

Net Income/(Loss)	\$1,339,553	\$1,274,049	(\$5,010)	\$64,067	\$6,447
Add Depreciation	805,578	634,951	117,918	39,163	13,545
Cash Generated From Operations	\$2,145,131	\$1,909,001	\$112,908	\$103,230	\$19,992
Other Sources (Uses) of Funds					
Connection Fee Revenue	\$747,800	725,000	0	22,800	0
Loan Proceeds	0	0	0	0	0
Grant Proceeds	547,916	0	0	547,916	0
Capital Assets Acquisition	(4,364,186)	(3,703,679)	(91,695)	(556,235)	(12,577)
Caltrans Capital Contribution	4,279,784	4,279,784	0	0	0
Stone Tree RWF Loan Principal Pmts	33,212	0	33,212	0	0
MMWD AEEP Capital Contribution	245,000	245,000	0	0	0
Principal Paid on Debt	(242,195)	(82,019)	(139,111)	(21,066)	0
Consumer Receivables Decr (Incr)	(135,252)	(116,187)	47,188	(21,863)	(44,390)
Construction Advances (Decr) Incr	(999,375)	(1,023,947)	0	24,572	0
Other Assets/Liabilities Decr (Incr)	(2,571,731)	(2,028,789)	125	(545,604)	2,537
Trade Accounts Payable (Decr) Incr	752,185	265,715	34,340	451,757	373
Connection Fee Transfer	0	(305,556)	305,556	0	0
Interdistrict Loan Due To (From)	0	0	0	0	0
Total Other Sources (Uses)	(\$1,706,842)	(\$1,744,678)	\$189,615	(\$97,723)	(\$54,057)
Net Cash Provided (Used)	\$438,288	\$164,323	\$302,524	\$5,507	(\$34,065)
MV Cash & Investments July 1, 2014	14,796,009	12,548,234	1,052,352	912,528	282,895
MV Cash & Investments Sept 1, 2014	\$15,234,297	\$12,712,557	\$1,354,876	\$918,035	\$248,830

**NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2014**

	SEPTEMBER 2014	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Water Sales	\$1,370,718	\$4,451,537	34%	\$5,157,960
Bill Adjustments	(8,298)	(19,269)	17%	(23,903)
Bimonthly Service Charges	343,047	1,029,140	25%	1,028,136
Account Turn-on Charges	6,164	13,947	19%	18,066
New Account Charges	806	2,466	27%	2,855
Returned Check Charges	81	279	28%	279
Hydrant Meter Up/Down Charges	0	300	6%	1,600
Backflow Service Charges	11,350	31,487	25%	31,320
Lab Service-Outside Clients	4,670	14,592	33%	13,120
Wheeling Charges - MMWD	16,963	36,563	30%	73,442
Water Sales - MMWD	0	0	0%	0
Regulation 15 Forfeiture	0	0	0%	0
TOTAL OPERATING REVENUE	\$1,745,500	\$5,561,041	32%	\$6,302,876
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Supervision & Engineering	\$811	\$3,056	17%	\$1,150
Operating Expense - Source	614	2,483	23%	728
Maint/Monitoring of Dam	283	592	2%	9,189
Maint of Lake & Intakes	0	71	0%	0
Maint of Structures	0	0	0%	0
Maint of Watershed	0	1,347	6%	580
Water Quality Surveillance	807	2,161	17%	5,101
Fishery Maint	0	0	0%	0
Erosion Control	0	0	0%	11,473
Purchased Water (Note 4)	554,165	1,638,167	37%	1,841,996
SOURCE OF SUPPLY	\$556,681	\$1,647,878	36%	\$1,870,218
PUMPING				
Operating Expense - Pumping	\$0	\$6	0%	\$0
Maint of Structures & Grounds	4,472	9,344	27%	10,054
Maint of Pumping Equipment	1,448	7,991	11%	11,334
Electric Power	23,825	78,153	30%	89,761
PUMPING	\$29,745	\$95,494	26%	\$111,149
OPERATIONS				
Supervision & Engineering	\$16,803	\$51,838	32%	\$49,628
Operating Expense - Operations	27,563	75,559	35%	70,116
Maintenance Expense	1,513	5,725	7%	24,236
Telemetry Equipment/Controls Maint	2,778	10,576	17%	13,296
Leased Lines	1,440	4,280	24%	4,382
OPERATIONS	\$50,098	\$147,978	27%	\$161,659

**NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2014**

	SEPTEMBER 2014	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
WATER TREATMENT				
Supervision & Engineering	\$9,007	\$28,348	30%	\$30,720
Operating Expense - Water Treatment	18,074	76,073	29%	95,495
Purification Chemicals	2,129	37,977	9%	196,326
Sludge Disposal	9,119	22,288	26%	21,970
Maint of Structures & Grounds	7,208	11,949	15%	15,410
Maint of Purification Equipment	6,000	28,557	22%	30,013
Electric Power	11,768	30,841	23%	45,910
Water Quality Programs	10,126	27,063	29%	24,833
Laboratory Direct Labor	27,823	83,899	25%	83,734
Lab Service-Outside Clients	4,777	13,087	20%	10,547
Water Quality Supervision	6,054	16,182	23%	18,278
Laboratory Supplies & Expense	5,632	16,650	23%	13,105
Customer Water Quality	3,494	11,243	18%	14,102
Lab Cost Distributed	(3,244)	(6,497)	31%	(5,123)
WATER TREATMENT	\$117,968	\$397,659	21%	\$595,319
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$48,339	\$141,132	24%	\$107,040
Maps & Records	6,288	22,144	18%	14,758
Operation of T&D System	4,918	15,662	9%	36,758
Facilities Location	9,889	30,108	49%	27,595
Safety: Construction & Engineering	2,888	9,404	16%	5,579
Customer Service Expense	10,297	35,762	22%	40,977
Flushing	1,781	1,781	4%	0
Storage Facilities Expense	22,222	42,371	36%	23,218
Cathodic Protection	0	633	3%	4,780
Maint of Valves/Regulators	16,342	43,930	22%	22,661
Maint of Mains	29,122	59,121	54%	13,715
Backflow Prevention Program	10,819	27,514	26%	23,117
Maint of Copper Services	19,225	49,864	26%	39,174
Maint of PB Service Lines	22,109	130,702	30%	142,225
Single Service Installations	225	13,027	-	1,124
Maint of Meters	10,566	29,166	23%	23,351
Detector Check Assembly Maint	5,538	26,833	62%	2,152
Maint of Hydrants	2,173	3,716	4%	8,688
TRANSMISSION & DISTRIBUTION	\$222,741	\$682,868	26%	\$536,913
CONSUMER ACCOUNTING				
Meter Reading	\$12,404	\$33,301	21%	\$36,538
Collection Expense - Labor	1,782	4,931	15%	6,766
Collection Expense - Agency	270	634	21%	692
Billing & Consumer Accounting	21,740	64,857	26%	60,912
Contract Billing	1,506	4,193	22%	4,428
Stationery, Supplies & Postage	3,818	19,288	31%	15,136
Credit Card Fees	1,548	4,047	27%	3,390
Uncollectable Accounts	(474)	3,798	21%	4,199
Office Equipment Expense	460	4,349	29%	551
Distributed to West Marin (4.1%)	(1,241)	(4,139)	26%	(3,444)
CONSUMER ACCOUNTING	\$41,813	\$135,257	24%	\$129,167

**NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2014**

	SEPTEMBER 2014	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
WATER CONSERVATION				
Residential	\$21,841	\$80,692	24%	\$51,884
Commercial	557	1,347	5%	0
Public Outreach/Information	1,225	11,181	21%	4,340
Large Landscape	1,470	2,688	9%	5,728
TOTAL WATER CONSERVATION	\$25,093	\$95,908	22%	\$61,952
GENERAL AND ADMINISTRATIVE				
Directors Fees	\$2,200	\$6,400	21%	\$3,000
Legal Fees	505	1,524	13%	2,830
Human Resources	2,046	6,053	20%	8,699
Auditing Fees	1,700	16,700	93%	15,500
Consultants	236	4,301	2%	0
General Office Salaries	103,032	290,151	24%	296,965
Safety: General District Wide	721	2,179	13%	3,386
Office Supplies	1,915	5,755	11%	10,281
Employee Events	91	149	1%	167
Other Administrative Expense	1,015	3,159	20%	3,097
Dues & Subscriptions	(1,345)	20,742	38%	18,352
Vehicle Expense	676	2,028	25%	2,028
Meetings, Conferences & Training	9,034	25,340	15%	16,248
Recruitment Expense	0	126	6%	159
Gas & Electricity	3,565	9,586	34%	8,021
Telephone	584	1,386	28%	571
Water	0	305	15%	343
Buildings & Grounds Maint	3,784	10,683	21%	5,521
Office Equipment Expense	6,483	25,182	25%	20,708
Insurance Premiums & Claims	6,796	22,091	21%	17,969
Retiree Medical Benefits	12,765	37,977	24%	39,012
(Gain)/Loss on Overhead Charges	20,397	1,585	-1%	(37,343)
G&A Applied to Other Operations (5.9%)	(13,359)	(27,970)	23%	(19,599)
G&A Applied to Construction	(23,250)	(87,907)	24%	(99,289)
GENERAL & ADMINISTRATIVE	\$139,590	\$377,525	23%	\$316,624
Depreciation (Note 5)	209,940	634,951	25%	610,869
TOTAL OPERATING EXPENSE	\$1,393,668	\$4,215,519	28%	\$4,393,871
OPERATING INCOME/(LOSS)	\$351,832	\$1,345,523	59%	\$1,909,005

**NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2014**

	SEPTEMBER 2014	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Interest:				
General Funds	\$0	\$0	0%	\$0
Wohler Pipeline Financing Fund	331	734	73%	596
Collector #6 Financing Fund	1,301	2,885	58%	2,337
Retiree Medical Insurance Fund	2,783	6,165	51%	4,805
Self-Insured Workers' Comp Fund	382	837	84%	262
Aqueduct Energy Efficiency Proj Fund	2,297	6,789	97%	7,677
Funds Held in County Treasury	0	0	0%	0
Recycled Water Advance (Note 10)	0	0	-	17,383
Total Interest Revenue	\$7,095	\$17,409	42%	\$33,060
Rents & Leases	7,139	34,993	36%	28,106
Other Non-Operating Revenue	11,224	11,966	28%	3,868
Gain/(Loss) on MV of Investments	(1,581)	(2,004)	-	10,515
NON-OPERATING REVENUE	\$23,876	\$62,364	34%	\$75,547
NON-OPERATING EXPENSE				
Bank of Marin AEEP Loan Interest Exp	\$17,818	\$53,643	24%	\$55,888
STP SRF Loan Interest Expense	25,736	78,924	25%	83,252
Drought Loan Interest Expense	209	626	21%	815
Other Non-Operating Expense	296	644	3%	3,486
NON-OPERATING EXPENSE	\$44,059	\$133,838	24%	\$143,442
NET INCOME/(LOSS)	\$331,649	\$1,274,049	66%	\$1,841,111
BEGINNING FUND EQUITY				
		\$67,325,517		\$66,661,899
NET INCOME/(LOSS)	331,649	1,274,049		1,841,111
CONTRIBUTED CAPITAL				
Developer 'In-Kind' Contributions	(2,851)	47,685	-	152,062
Caltrans Capital Contributions	4,279,784	4,279,784	-	0
MMWD Capital Contribution	0	245,000	100%	0
Connection Fees	400,400	725,000	84%	0
FRC Transfer to Recycled Water	(128,292)	(305,556)	57%	(189,111)
ENDING FUND EQUITY		\$73,591,479		\$68,465,960

**NOVATO RECYCLED WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2014**

	SEPTEMBER 2014	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Recycled Water Sales	\$82,831	\$297,883	43%	\$295,380
Bimonthly Service Charges	2,623	7,400	26%	5,872
Returned Check Charges	0	9	1%	0
Water Load Permits	0	2,500	-	0
Backflow Service Charges	0	0	-	84
TOTAL OPERATING REVENUE	\$85,454	\$307,792	43%	\$301,336
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Purchased Water - NSD	(\$370)	\$49,582	39%	\$68,470
Purchased Water - LGVSD	9,233	32,597	42%	34,984
SOURCE OF SUPPLY	\$8,864	\$82,179	40%	\$103,454
PUMPING				
Maint of Structures & Grounds	\$0	\$91	9%	\$0
Maint of Pumping Equipment	407	407	14%	47
Electric Power	279	907	30%	922
PUMPING	\$686	\$1,405	20%	\$969
OPERATIONS				
Supervision & Engineering	\$710	\$1,755	16%	\$2,181
Operating Expense - Operations	2,534	3,377	84%	6
Potable Water Consumed	0	22,829	228%	28,800
Maintenance Expense	0	0	0%	0
Telemetry Equipment/Controls Maint	539	589	7%	2
OPERATIONS	\$3,784	\$28,551	73%	\$30,988
WATER TREATMENT				
Purification Chemicals	\$0	\$0	0%	\$1,132
Maint of Structures & Grounds	297	297	-	0
Maint of Purification Equipment	629	629	10%	1,416
Electric Power	0	0	0%	0
Laboratory Direct Labor	281	281	6%	106
Lab Expense Distributed from Novato	161	161	5%	62
WATER TREATMENT	\$1,368	\$1,368	7%	\$2,715
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$566	\$1,353	11%	\$1,118
Operation of T&D System	0	0	0%	0
Cathodic Protection	0	0	0%	0
Storage Facilities Expense	106	182	6%	157
Maint of Valves/Regulators	0	0	0%	1,302
Backflow Prevention Program	0	0	0%	0
Maint of Meters	0	537	54%	39
Maint of Mains	8,663	9,335	-	737
TRANSMISSION & DISTRIBUTION	\$9,334	\$11,406	38%	\$3,353

**NOVATO RECYCLED WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2014**

	SEPTEMBER 2014	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
CONSUMER ACCOUNTING				
Distributed from Novato (3.6%)	\$59	\$198	20%	\$0
CONSUMER ACCOUNTING	\$59	\$198	20%	\$0
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (1.6%)	\$5,010	\$10,489	23%	\$5,506
GENERAL & ADMINISTRATIVE	\$5,010	\$10,489	23%	\$5,506
Depreciation (Note 5)	39,306	117,918	28%	70,032
TOTAL OPERATING EXPENSE	\$68,411	\$253,515	33%	\$217,016
OPERATING INCOME/(LOSS)	\$17,042	\$54,277	(94%)	\$84,321
NON-OPERATING REVENUE				
Interest:				
General Funds	\$0	\$61	2%	\$0
RWF Replacement Fund	389	570	-	0
Self-Insured Workers' Comp Fund	0	8	-	0
Stone Tree RWF Loan	4,209	12,759	26%	13,939
Total Interest Revenue	\$4,597	\$13,398	25%	\$13,939
Other Non-Operating Revenue	0	0	-	0
NON-OPERATING REVENUE	\$4,597	\$13,398	25%	\$13,939
NON-OPERATING EXPENSE				
RWF SRF Loan Interest Expense	\$5,967	\$18,299	25%	\$19,486
Expansion SRF Loan Interest Expense	18,170	54,385	25%	57,860
Other Non-Operating Expense	0	0	0%	0
Interest-Advance from Novato (Note 10)	0	0	-	17,383
NON-OPERATING EXPENSE	\$24,138	\$72,684	24%	\$94,729
NET INCOME/(LOSS)	(\$2,498)	(\$5,010)	2%	\$3,531
BEGINNING FUND EQUITY				
		\$10,029,141		\$9,963,058
NET INCOME/(LOSS)	(2,498)	(5,010)		3,531
IRWMP Prop 84 Grant	0	0	0%	0
Water Smart Grant	0	0	0%	138,073
Federal ARRA Grant	0	0	0%	0
FRC Transfer from Novato	128,292	305,556	41%	189,111
ENDING FUND EQUITY		\$10,329,687		\$10,293,773

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2014**

	SEPTEMBER 2014	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Water Sales	\$68,627	\$208,947	32%	\$234,621
Bill Adjustments	(9,299)	(9,796)	-	(1,388)
Bimonthly Service Charges	14,086	42,259	25%	38,886
Account Turn-on Charges	0	104	12%	134
New Account Charges	0	35	18%	30
Returned Check Charges	9	9	-	9
Backflow Service Charges	0	815	17%	800
TOTAL OPERATING REVENUE	\$73,423	\$242,374	29%	\$273,093
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Operating Expense	\$110	\$464	4%	\$2,494
Maint of Structures	0	7,525	84%	14,208
Water Quality Surveillance	0	0	0%	0
Purchased Water - MMWD	0	0	0%	0
SOURCE OF SUPPLY	\$110	\$7,989	14%	\$16,702
PUMPING				
Operating Labor	\$0	\$0	0%	\$0
Maint of Structures and Grounds	387	2,406	22%	654
Maint of Pumping Equip	286	286	2%	483
Electric Power	1,266	4,341	29%	5,606
PUMPING	\$1,940	\$7,033	18%	\$6,743
OPERATIONS				
Supervision & Engineering	\$285	\$1,330	22%	\$883
Operating Expense	1,460	5,941	50%	6,726
Maint of Telemetry Equipment	374	1,386	9%	2,294
Leased Lines	489	1,450	24%	1,452
OPERATIONS	\$2,608	\$10,106	26%	\$11,355
WATER TREATMENT				
Supervision & Engineering	\$0	\$0	0%	\$982
Operating Expense	2,713	9,663	60%	312
Purification Chemicals	359	1,095	22%	0
Maint of Structures & Grounds	79	396	40%	0
Maint of Purification Equipment	867	3,357	20%	2,204
Electric Power	2,896	8,651	32%	8,716
Laboratory Direct Labor	4,944	10,263	35%	8,603
Laboratory Services	1,511	1,511	38%	325
Water Quality Supervision	2,037	2,910	73%	970
Customer Water Quality	369	1,106	22%	2,065
Lab Expense Distributed from Novato	3,043	5,769	36%	5,009
WATER TREATMENT	\$18,817	\$44,720	34%	\$29,187

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2014**

	SEPTEMBER 2014	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$1,301	\$3,713	27%	\$3,011
Maps & Records	390	1,755	59%	3,945
Facilities Location - USA	0	183	6%	530
Customer Service Expense	1,224	4,701	29%	3,302
Flushing	0	0	0%	0
Storage Facilities Expense	644	2,483	12%	1,459
Cathodic Protection	0	0	0%	498
Maint of Valves	0	0	0%	3,664
Valve Operation Program	0	0	0%	1,091
Maint of Mains	422	422	8%	60
Water Quality Maintenance	0	61	-	0
Maint of Backflow Devices	0	484	48%	0
Backflow Dev Inspection/Survey	0	0	0%	687
Maint of Copper Services	2,931	3,089	77%	4,590
Maint of PB Service Lines	6,870	9,619	87%	5,163
Maint of Meters	0	235	12%	24
Detector Check Assembly Maint	0	2,290	229%	0
Maint of Hydrants	0	0	0%	17
Hydrant Operation	0	0	0%	783
Single Service Installation	0	4,005	-	0
TRANSMISSION & DISTRIBUTION	\$13,781	\$33,039	30%	\$28,825
CONSUMER ACCOUNTING				
Meter Reading	\$587	\$2,014	17%	\$1,507
Collection Expense - Labor	89	266	13%	322
Uncollectable Accounts	0	387	-	0
Distributed from Novato (3.6%)	1,048	3,486	27%	3,046
CONSUMER ACCOUNTING	\$1,723	\$6,152	23%	\$4,875
WATER CONSERVATION				
Water Conservation Program	\$1,474	\$9,511	43%	\$1,911
TOTAL WATER CONSERVATION	\$1,474	\$9,511	43%	\$1,911
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (3.2%)	\$6,072	\$12,713	23%	\$10,643
GENERAL & ADMINISTRATIVE	\$6,072	\$12,713	23%	\$10,643
Depreciation (Note 5)	13,044	39,163	24%	37,792
TOTAL OPERATING EXPENSE	\$59,570	\$170,428	27%	\$148,032
OPERATING INCOME/(LOSS)	\$13,853	\$71,946	38%	\$125,060

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2014**

	SEPTEMBER 2014	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Interest - General Funds	\$25	\$56	-	\$45
Interest - FRC	140	311	31%	248
Interest - Bank of Marin Project Fund	529	1,136	57%	771
Interest - CIR Fund	44	91	-	0
Rents & Leases	0	0	0%	0
Tax Proceeds - PR-2 Tax Allocation	12	298	1%	144
Other Non-Operating Revenue	0	75	-	36
NON-OPERATING REVENUE	\$750	\$1,967	4%	\$1,244
NON-OPERATING EXPENSE				
Bank of Marin Loan Interest Expense	\$2,615	\$7,874	25%	\$8,204
OL-2 G.O. Bond Interest Expense	16	49	49%	95
PRE-1 Revenue Bond Interest Exp	300	900	25%	1,025
PR-6 Revenue Bond Interest Exp	313	938	24%	1,050
Drought Loan Interest Expense	28	85	21%	113
Master Plan Update	0	0	-	3,529
NON-OPERATING EXPENSE	\$3,273	\$9,846	25%	\$14,016
NET INCOME/(LOSS)	\$11,330	\$64,067	33%	\$112,288
BEGINNING FUND EQUITY				
NET INCOME/(LOSS)	11,330	64,067		112,288
CONTRIBUTED CAPITAL				
Gallagher Well Pipeline Grant	509,993	547,916	-	0
Connection Fees	22,800	22,800	99%	0
ENDING FUND EQUITY		\$5,251,462		\$4,704,133

* FY14 amount includes \$13,046 in work done in prior years on Rehabilitation of Point Reyes Well #3, which project was abandoned in FY14.

**OCEANA MARIN SEWER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2014**

	SEPTEMBER 2014	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Sewer Service Charges	\$15,572	\$46,716	25%	\$44,265
Inspection Fees	0	0	-	140
TOTAL OPERATING REVENUE	\$15,572	\$46,716	25%	\$44,405
OPERATING EXPENSE				
SEWAGE COLLECTION				
Supervision & Engineering	\$1,580	\$2,932	15%	\$3,364
Maps & Records	14	14	-	0
Operating Expense	210	1,186	30%	267
Facilities Location	220	440	44%	224
Maint of Telemetry Equipment	1,700	1,700	-	0
Maint of Lift Stations	0	211	2%	0
Maint of Manholes	0	0	0%	0
Maint of Sewer Mains	0	0	0%	0
Electric Power	777	2,526	28%	2,476
SEWAGE COLLECTION	\$4,501	\$9,009	16%	\$6,331
SEWAGE TREATMENT				
Operating Expense	\$975	\$3,659	18%	\$0
Treatment Supplies & Expense	35	35	2%	0
Maint of Structures	0	9	0%	0
Maint of Equipment	1,023	1,023	5%	708
Laboratory Direct Labor	0	988	20%	89
Lab Expense Distributed from Novato	40	567	28%	52
Electric Power	545	1,842	26%	2,708
SEWAGE TREATMENT	\$2,617	\$8,124	13%	\$3,557
SEWAGE DISPOSAL				
Operating Expense	\$814	\$3,313	110%	\$0
Maint of Pump Stations	0	0	0%	0
Maint of Storage Ponds	0	0	0%	0
Maint of Irrigation Field	1,738	1,738	29%	0
SEWAGE DISPOSAL	\$2,552	\$5,051	16%	\$0
CONTRACT OPERATIONS				
Contract Operations	\$0	\$0	-	\$15,934
CONTRACT OPERATIONS	\$0	\$0	-	\$15,934
CONSUMER ACCOUNTING				
Distributed from Novato (0.5%)	\$134	\$456	23%	\$398
CONSUMER ACCOUNTING	\$134	\$456	23%	\$398
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (1.0%)	\$2,277	\$4,768	24%	\$3,451
Liability Insurance	207	621	21%	508
GENERAL AND ADMINISTRATIVE	\$2,484	\$5,389	23%	\$3,959
Depreciation (Note 5)	4,035	13,545	23%	14,269
TOTAL OPERATING EXPENSE	\$16,323	\$41,574	18%	\$44,449
OPERATING INCOME/(LOSS)	(\$751)	\$5,142	(11%)	(\$44)

**OCEANA MARIN SEWER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2014**

	<u>SEPTEMBER 2014</u>	<u>YEAR TO DATE ACTUAL</u>	<u>YTD/ BUDGET%</u>	<u>PRIOR YTD ACTUAL</u>
<u>NON-OPERATING REVENUE</u>				
Rents & Leases	\$0	\$500	-	\$500
Interest - General Funds	213	477	48%	307
Interest - Self Insured WC Fund	5	10	-	4
Tax Proceeds - OM-1/OM-3 Tax Alloc	13	318	1%	153
NON-OPERATING REVENUE	<u>\$231</u>	<u>\$1,304</u>	3%	<u>\$964</u>
<u>NON-OPERATING EXPENSE</u>				
Master Plan Update	\$0	\$0	0%	\$0
NON-OPERATING EXPENSE	<u>\$0</u>	<u>\$0</u>	0%	<u>\$0</u>
NET INCOME/(LOSS)	<u>(\$520)</u>	<u>\$6,447</u>	(21%)	<u>\$920</u>
BEGINNING FUND EQUITY		\$1,132,536		\$1,101,988
NET INCOME/(LOSS)	(520)	6,447		920
CONTRIBUTED CAPITAL				
Connection Fees	0	0	0%	30,400
ENDING FUND EQUITY		<u>\$1,138,983</u>		<u>\$1,133,308</u>

**NORTH MARIN WATER DISTRICT
ANALYSIS OF WORKER'S COMP, CONNECTION FEE AND CIR FUNDS
FOR PERIOD ENDING SEPTEMBER 30, 2014**

	TOTAL	NOVATO WATER	WEST MARIN WATER	OCEANA MARIN SEWER	RECYCLED WATER
<u>WORKERS' COMPENSATION FUND</u>					
WC Cash Balance 7/1/14	\$450,347	\$424,124	\$14,770	\$4,946	\$6,507
Less: Projected Prior FY Claims Liability	24,956	23,492	795	258	411
Add: Funds borrowed to subsidize operations	0	0	0	0	0
WC Reserve Balance 7/1/14	\$425,391	\$400,632	\$13,975	\$4,688	\$6,096
Add: WC Expense Charged to Operations FYTD	50,931	47,527	1,547	580	1,276
Interest Earned	855	837	0	10	8
Subtotal	\$477,176	\$448,996	\$15,522	\$5,278	\$7,380
Less: Claims Expense Paid	16,188	15,106	492	184	406
Excess Insurance Premium	12,677	11,830	385	144	318
Administration Fees	3,000	2,800	91	34	75
Correction to Prior Year Balance	(8,100)	(7,559)	(246)	(92)	(203)
WC Reserve Balance 9/30/14	\$453,411	\$426,819	\$14,800	\$5,007	\$6,784
Add: Projected Claims Liability	45,106	42,092	1,370	514	1,130
Funds borrowed to subsidize operations	(16,171)	0	(16,171)	0	0
WC CASH BALANCE 9/30/14	\$482,347	\$468,911	\$0	\$5,521	\$7,915
<u>CONNECTION FEE FUND</u>					
Connection Fee Cash Balance 7/1/14	\$170,309	\$0	\$170,309	\$0	
Add: funds borrowed to subsidize operations	(2,576,836)	(2,554,488)	0	(22,348)	
Connection Fee Reserve Balance 7/1/14	(\$2,406,527)	(\$2,554,488)	\$170,309	(\$22,348)	
Add: Connection Fees Collected FYTD	747,800	725,000	22,800	0	
Interest Earned	311	0	311	0	
Subtotal	(\$1,658,416)	(\$1,829,488)	\$193,420	(\$22,348)	
Less: Fees Expended FYTD	112,889	97,202	4,720	10,967	
Fees transferred to RWS FYTD (Note 15)	305,556	305,556	0	0	
Connection Fee Reserve Balance 9/30/14	(\$2,076,863)	(\$2,232,247)	\$188,700	(\$33,315)	
Less: Funds borrowed to subsidize operations	(2,265,562)	(2,232,247)	0	(33,315)	
CONNECTION FEE CASH BALANCE 9/30/14	\$188,700	\$0	\$188,700	\$0	
<u>CONSERVATION INCENTIVE RATE FUND</u>					
CIR Cash Balance 7/1/14	\$55,442	\$0	\$55,442		
Add funds borrowed to subsidize operations	39,958	0	0		
CIR Reserve Balance 7/1/14	\$95,400	\$0	\$55,442		
Add: CIR Charges Billed FYTD	40,368	36,757	3,611		
Regulation 15 Forfeitures	0	0	0		
Interest Earned	91	0	91		
Subtotal	\$135,859	\$36,757	\$59,144		
Less: CIR Funds Expended FYTD ¹	40,739	31,812	8,927		
Bill Adjustments	2,938	4,945	(2,007)		
CIR Reserve Balance 9/30/14	\$52,224	\$0	\$52,224		
Less funds borrowed to subsidize operations	0	0	0		
CIR CASH BALANCE 9/30/14	\$52,224	\$0	\$52,224		

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

**NORTH MARIN WATER DISTRICT
EQUIPMENT EXPENDITURES
PERIOD ENDING SEPTEMBER 30, 2014**

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	SEPTEMBER 2014	FYTD TOTAL	FY 14/15 BUDGET	(OVER) UNDER	Notes
1 INFORMATION SYSTEMS					
Construction					
a. 2" Mole for Services			\$6,000	\$6,000	c,1
b. Leak Calculator with 3 Data Loggers		0	12,000	12,000	c
c. Hydraulic Power Grit Utility Saw		0	5,000	5,000	c,1
	\$0	\$0	\$23,000	\$23,000	
2 VEHICLE & ROLLING EQUIPMENT EXPENDITURES					
a. 4 X 4 Loader (Used)		\$0	\$89,000	\$89,000	c,1
b. Forklift		0	30,000	30,000	c,1
c. Replacement Car		0	28,000	28,000	c,1
d. Replacement Car		0	28,000	28,000	c,1
e. Radios for 3 New Trucks Purchased in FY14	0	4,646	0	(4,646)	c,1
	\$0	\$4,646	\$175,000	\$170,354	
TOTAL EQUIPMENT EXPENDITURES	\$0	\$4,646	\$198,000	\$193,354	

Notes:

- (c) Capitalized
(1) Replacement item.

**NORTH MARIN WATER DISTRICT
OVERHEAD ACCOUNT ANALYSIS
FOR PERIOD ENDING SEPTEMBER 30, 2014**

	YEAR TO DATE ACTUAL	ANNUAL BUDGET	YTD/ BUDGET%	PRIOR YTD ACTUAL
<u>Material Handling</u>				
Material Overhead Recovered (15%)	\$13,292	\$112,000	12%	\$16,097
Labor	\$15,293	\$99,000	15%	\$17,752
Materials, Supplies & Expense	3,781	9,000	42%	1,212
Correction to Inventory Counts	(6,388)	0	-	(1,641)
Depreciation	937	4,000	23%	1,061
	<u>\$13,623</u>	<u>\$112,000</u>	12%	<u>\$18,384</u>
Net Material Handling Gain / (Loss)	<u>(\$331)</u>	<u>\$0</u>	-	<u>(\$2,287)</u>
<u>Construction Supplies</u>				
Const Supplies Overhead Recovered (10%)	\$56,887	\$310,000	18%	\$62,038
Labor	\$16,869	\$72,000	23%	\$15,474
Materials, Supplies & Expense	30,046	86,000	35%	19,274
Small Tools	10,474	19,000	55%	4,172
Depreciation	1,070	4,000	27%	1,119
	<u>\$58,459</u>	<u>\$181,000</u>	32%	<u>\$40,039</u>
Net Constr Supplies Gain / (Loss)	<u>(\$1,572)</u>	<u>\$129,000</u>	-1%	<u>\$21,999</u>
<u>Vehicle & Equipment</u>				
Vehicle & Equipment Recovered ¹	\$105,283	\$340,000	31%	\$94,295
Labor	\$12,779	\$100,000	13%	\$15,949
Materials, Supplies & Expense	12,983	57,000	23%	7,954
Fuel	28,385	110,000	26%	30,581
Depreciation	33,066	177,000	19%	25,638
	<u>\$87,212</u>	<u>\$444,000</u>	20%	<u>\$80,122</u>
Net Vehicle & Equip Gain / (Loss)	<u>\$18,071</u>	<u>(\$104,000)</u>	-17%	<u>\$14,173</u>
<u>Payroll</u>				
Overheaded Payroll Recovered	\$1,740,600	\$7,177,000	24%	\$1,715,990
Salary Including Leave Time	\$1,120,696	\$4,699,000	24%	\$1,087,078
Employer FICA & Medicare Tax	85,926	350,000	25%	81,828
Insurance ²	263,488	1,107,000	24%	224,302
Retiree Medical	19,125	78,000	25%	18,750
CalPERS Retirement	212,934	840,000	25%	270,640
Unreconciled Difference	31,683			30,341
	<u>\$1,733,852</u>	<u>\$7,074,000</u>	25%	<u>\$1,712,939</u>
Net Payroll Gain / (Loss)	<u>\$6,749</u>	<u>\$103,000</u>	³	<u>\$3,051</u>
Total Overhead Gain / (Loss)	<u>\$22,916</u>	<u>\$128,000</u>	18%	<u>\$36,936</u>

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

² Insurance Includes Medical, Dental, Vision, Cafeteria, Life, & Workers' Compensation

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

**NORTH MARIN WATER DISTRICT
EXPENDITURES BY CATEGORY
FOR PERIOD ENDING SEPTEMBER 30, 2014**

OPERATING EXPENSE	Novato	Recycled	West Marin	Oceana Marin	YTD Total	Annual Budget	YTD Budget %	Prior YTD Actual	% Change
1 Salaries & Benefits	\$1,375,750	\$14,190	\$57,597	\$13,724	\$1,461,260	\$6,012,000	24%	\$1,437,155	2%
2 Water Purchases	1,638,167	82,179	0	0	1,720,347	4,721,000	36%	1,945,449	-12%
3 Depreciation	634,951	117,918	39,163	13,545	805,578	3,146,000	26%	732,962	10%
4 Materials, Services & Supplies	341,754	25,503	29,947	2,283	399,487	1,762,000	23%	326,165	22%
5 Chemicals	37,977	0	1,095	0	39,072	436,000	9%	197,458	-80%
6 Electric Power	108,994	907	12,992	4,369	127,262	449,000	28%	156,097	-18%
7 Tools & Supplies (Distrib)	47,010	494	2,883	902	51,288	172,000	33%	50,528	2%
8 Vehicles and Equipment (Distrib)	70,732	1,476	4,784	907	77,899	242,000	32%	60,370	29%
9 Retiree Medical Expenses	37,977	0	0	0	37,977	156,000	24%	39,012	-3%
10 Office Supplies & Postage	25,043	0	0	0	25,043	115,000	22%	28,806	-13%
11 Insurance & Claims	22,091	0	0	621	22,712	109,000	21%	18,478	23%
12 Water Conservation Rebates	24,366	0	0	0	24,366	94,000	26%	15,502	57%
13 Overhead Charges (Gain)/Loss	1,585	0	0	0	1,585	(128,000)	-1%	(93,900)	-102%
14 Distributed Costs (Lab,G&A,ConsAcctg)	(126,513)	10,847	21,968	5,224	(88,474)	(368,000)	24%	(99,341)	-11%
15 Total Operating Expense	\$4,215,519	\$253,515	\$170,428	\$41,574	\$4,681,035	\$16,918,000	28%	\$4,803,368	-3%
16 Interest Expense & Other*	133,838	72,684	9,846	0	216,368	925,000	23%	248,657	-13%
17 Total Expense	\$4,349,357	\$326,199	\$180,273	\$41,574	\$4,897,403	\$17,843,000	27%	\$5,052,026	-3%
<u>Warehouse, Shop & Yard</u>									
18 Salaries & Benefits	\$43,331	\$0	\$0	\$0	\$43,331	\$267,000	16%	\$45,849	-5%
19 Materials, Services & Supplies	112,935	0	0	0	112,935	292,000	39%	67,920	66%
20 Distributed Costs	(156,266)	0	0	0	(156,266)	(559,000)	28%	(113,769)	37%
21 Total W/H, Shop & Yard	\$0	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
<u>District Capital Outlay</u>									
22 Salaries & Benefits	\$131,758	\$17,473	\$48,169	\$5,231	\$202,631	\$785,000	26%	\$195,130	4%
23 Equipment	4,646	0	0	0	4,646	198,000	2%	3,669	27%
24 Debt Principal Payments	82,019	139,111	21,066	0	242,195	1,670,000	15%	183,805	32%
25 Materials, Services & Supplies	3,567,275	74,222	508,067	7,347	4,156,910	18,519,000	22%	817,386	409%
26 Total District Capital Outlay	\$3,785,698	\$230,806	\$577,301	\$12,578	\$4,606,382	\$21,172,000	22%	\$1,199,990	284%
<u>Developer Funded Projects</u>									
27 Salaries & Benefits	\$22,761	\$0	\$1,138	\$0	\$23,899	\$203,000	12%	\$68,687	-65%
28 Materials, Services & Supplies	29,667	0	(1,138)	0	28,530	119,000	24%	94,599	-70%
29 Total Developer Projects	\$52,428	\$0	\$0	\$0	\$52,428	\$322,000	16%	\$163,286	-68%
30 Total	\$8,187,483	\$557,005	\$757,574	\$54,151	\$9,556,214	\$39,337,000	24%	\$6,415,302	49%

*Includes Interfund Interest

**NORTH MARIN WATER DISTRICT
VEHICLE FLEET ANALYSIS
FOR PERIOD ENDING SEPTEMBER 30, 2014**

Year	Description	Veh#	Assigned	Fiscal Year to Date				Vehicle Cost per Mile				
				Mileage	Expense ¹	Recovery ²	Gain/(Loss)	Mileage	Life to Date	FYTD	FY14	FY13
1	1999 Dodge Ram 1500	32	Engineering	0	\$89	\$0	(\$89)	74,902	\$0.45	-	\$0.66	\$0.54
2	2000 Dodge Dakota	40	Pool	1,013	\$447	\$836	\$389	113,296	\$0.47	\$0.44	\$0.63	\$0.41
3	2001 Dodge Ram 1500	41	LeBrun	1,119	\$396	\$444	\$49	122,799	\$0.54	\$0.35	\$0.76	\$0.49
4	2002 Chev K1500 4x4	47	Engineering	1,998	\$586	\$995	\$409	109,250	\$0.35	\$0.29	\$0.71	\$0.54
5	2003 Dodge Dakota 4x4	49	Stompe	1,492	\$369	\$697	\$328	83,821	\$0.42	\$0.25	\$0.60	\$3.08
6	2003 Chev C1500	51	Pool	1,094	\$365	\$833	\$467	114,200	\$0.38	\$0.33	\$0.51	\$0.69
7	2004 Chev C1500	53	Kurfirist	2,288	\$635	\$2,820	\$2,185	108,737	\$0.45	\$0.28	\$1.52	\$0.69
8	2004 Chev C1500 Xtra Cab	54	Mello	3,653	\$1,709	\$1,359	(\$350)	85,291	\$0.40	\$0.47	\$0.62	\$0.42
9	2005 Honda Civic Hybrid	56	Lab	2,512	\$729	\$1,292	\$562	69,628	\$0.24	\$0.29	\$0.42	\$0.16
10	2005 Honda Civic Hybrid	57	Engineering	1,152	\$499	\$592	\$93	47,906	\$0.21	\$0.43	\$0.16	\$0.13
11	2005 Ford Ranger	58	Roberto	2,838	\$1,299	\$2,465	\$1,166	106,162	\$0.46	\$0.46	\$0.64	\$0.37
12	2005 Ford Ranger	59	Venegas	2,161	\$1,272	\$2,441	\$1,169	101,344	\$0.45	\$0.59	\$0.34	\$0.76
13	2006 Chev Colorado	501	Arendell	3,206	\$1,770	\$2,774	\$1,004	117,990	\$0.37	\$0.55	\$0.41	\$0.40
14	2007 Chev K2500 4x4	502	Corda, Joe	2,370	\$1,798	\$4,281	\$2,483	71,032	\$0.54	\$0.76	\$0.52	\$0.51
15	2007 Chev Colorado	504	Bynum	1,591	\$1,105	\$1,826	\$721	33,816	\$0.45	\$0.69	\$0.72	\$0.35
16	2008 Ford F250 4x4	505	Cilia	898	\$709	\$2,656	\$1,947	71,062	\$0.72	\$0.79	\$0.91	\$0.82
17	2008 Ford F250 4x4	506	STP	1,303	\$981	\$913	(\$68)	42,879	\$0.81	\$0.75	\$0.52	\$0.85
18	2008 Chev Colorado 4x4	509	Lemos	3,425	\$1,420	\$1,483	\$64	76,910	\$0.34	\$0.41	\$0.41	\$0.31
19	2009 Toyota Prius Hybrid	510	Clark	3,091	\$1,361	\$1,162	(\$199)	82,770	\$0.18	\$0.44	\$0.15	\$0.21
20	2010 Ford F150 4x4	511	STP	3,143	\$1,497	\$2,530	\$1,033	45,302	\$0.48	\$0.48	\$0.68	\$0.37
21	2010 Ford F150	512	Ortiz	3,690	\$1,478	\$2,134	\$656	66,475	\$0.48	\$0.40	\$0.59	\$0.41
22	2010 Ford F150	513	On-Call	2,878	\$996	\$1,095	\$99	36,023	\$0.50	\$0.35	\$0.61	\$0.45
23	2012 Ford F250	515	Reed	3,043	\$1,376	\$6,052	\$4,677	18,002	\$0.64	\$0.45	\$0.65	\$0.75
24	2012 Ford F250	516	Castellucci	2,691	\$1,548	\$3,729	\$2,181	16,754	\$0.65	\$0.58	\$0.64	\$0.71
25	2014 Ford F150	517	Grisso	1,044	\$335	\$1,375	\$1,040	1,318	\$0.31	\$0.32	\$0.26	-
26	2015 Ford F250 4x4	518	Kehoe	4,704	\$1,579	\$5,687	\$4,108	5,244	\$0.39	\$0.34	\$0.91	-
Total 3/4 Ton & Under				58,397	26,345	52,468	26,123	1,822,913	\$0.44	\$0.45	\$0.56	\$0.51
1	1999 Ford F350 W/Svc Body	19	Pool	330	\$421	\$0	(\$421)	129,371	\$0.75	\$1.28	\$2.97	\$1.40
2	2002 Int'l 5 Yd Dump	44	Pool	1,539	\$1,983	\$4,967	\$2,984	85,730	\$1.61	\$1.29	\$2.21	\$2.02
3	1999 Ford F550 3-Yd Dump ³	52	Crew	1,361	\$880	\$4,285	\$3,405	78,919	\$0.94	\$0.65	\$1.34	\$5.46
4	2006 Int'l 4300 Crew	503	Briet	992	\$2,163	\$5,231	\$3,067	27,651	\$2.58	\$2.18	\$2.20	\$1.82
5	2008 Ford F350 4x4	507	Latanyzyn	3,090	\$2,715	\$3,741	\$1,026	76,686	\$0.84	\$0.88	\$0.73	\$1.15
6	2009 Peterbilt 335 Crew	508	Kane	767	\$965	\$6,006	\$5,041	20,305	\$1.98	\$1.26	\$2.20	\$2.81
7	2012 Int'l 5 Yd Dump	514	Rupp	1,211	\$1,791	\$4,230	\$2,439	14,973	\$1.67	\$1.48	\$1.45	\$2.50
8	2015 Int'l 5 Yd Dump	519	Sjoblom	1,944	\$1,645	\$4,488	\$2,843	3,073	\$0.77	\$0.85	\$0.64	-
Total 1 Ton & Over				11,234	12,562	32,946	20,384	436,708	\$1.17	\$1.12	\$1.53	\$1.84

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

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

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

**NORTH MARIN WATER DISTRICT
WATER CONSERVATION PROGRAM DETAIL
FOR PERIOD ENDING SEPTEMBER 30, 2014**

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Description		COST THRU JUNE 2014	SEPTEMBER 2014	FYTD TOTAL	FY 13/14 BUDGET	(OVER) UNDER	TOTAL COST
NOVATO							
a. Residential							
1-7700-01	1 Cash for Grass	\$255,240	\$5,002	\$15,415	\$50,000	\$34,585	\$270,655
1-7700-02	2 Landscape Efficiency Rebates	19,855	50	50	7,500	7,450	19,905
1-7700-03	3 Fixtures Purchases	37,905	0	0	5,000	5,000	37,905
1-7700-06	4 Washing Machine Rebates	325,825	842	3,150	20,000	16,850	328,976
1-7700-07	5 Demonstration Garden Improvements	54,377	0	0	500	500	54,377
1-7700-11	6 Toilet Rebate SF	901,752	2,299	8,013	34,000	25,987	909,765
1-7700-12	7 Toilet Rebate MF	18,173	0	0	4,000	4,000	18,173
1-7700-13	8 Residential Audits	256,068	222	7,327	50,000	42,673	263,395
1-7700-15	9 High Efficiency Toilet Distribution	221,913	42	50	0	(50)	221,963
1-7700-16	10 Water Waste Ordinance Monitoring	35,046	3,094	10,079	10,000	(79)	45,124
1-7700-17	11 Swimming Pool Cover Rebate	226	50	267	2,000	1,733	493
1-7700-19	12 ET Controller Rebate	25,150	959	959	8,000	7,041	26,109
1-7700-08	13 Administration	1,053,000	7,640	32,045	131,000	98,955	1,085,045
1-7700-20	14 New Development Wtr Cons Program	48,060	1,202	2,458	8,000	5,542	50,518
1-7700-21	15 Demand Offset Rebate Program	1,811	166	333	2,000	1,667	2,143
1-7700-23	16 Grant Administration	1,292	273	546	1,000	454	1,838
1-7700-24	17 Hot Water Recirculation Rebate	0	0	0	4,000	4,000	0
b. Commercial							
1-7701-02	1 Toilet Rebate Program	65,027	0	500	10,000	9,500	65,527
1-7701-03	2 Commercial Audits	8,761	557	847	15,000	14,153	9,608
c. Public Outreach/Information							
1-8672-16	1 Fall Newsletter	39,107	0	0	8,000	8,000	39,107
1-8672-17	2 Spring Newsletter	63,693	0	0	12,000	12,000	63,693
1-8672-18	3 Summer Newsletter	12,533	0	7,756	7,000	(756)	20,290
1-7700-04	4 Public Outreach / H ₂ O Fair	100,945	0	325	10,000	9,675	101,270
1-7700-05	5 Marketing	128,964	1,225	3,099	16,000	12,901	132,063
1-7700-22	6 Public Outreach/Leadership Novato	11,098	0	0	0	0	11,098
d. Large Landscape							
1-8653-02	1 Large Landscape Audits	78,901	375	1,055	10,000	8,945	79,956
1-7702-01	2 Large Landscape Budgets	29,441	1,095	1,633	3,000	1,367	31,074
1-7702-02	3 Large Landscape Irrig Efficiency Rebates	13,460	0	0	8,000	8,000	13,460
1-8653-01	4 CIMIS Station Maintenance	18,653	0	0	2,000	2,000	18,653
1-7702-03	6 Administration-Large Landscape	23,625	0	0	7,000	7,000	23,625
TOTAL NOVATO WATER CONSERVATION		\$3,849,899	\$25,093	\$95,908	\$445,000	\$349,092	\$3,945,806
WEST MARIN WATER							
2-5166-00	a. Water Conservation Program	\$53,039	1,474	\$8,927	\$22,000	\$13,073	\$61,965
TOTAL WATER CONSERVATION EXPENDITURES¹		\$53,039	\$1,474	\$8,927	\$22,000	\$13,073	\$61,965

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

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING SEPTEMBER 30, 2014**

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Description		COST THRU JUNE 2014	SEPTEMBER 2014	FYTD TOTAL	FY 14/15 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
1 PIPELINE REPLACEMENTS/ADDITIONS							
a. Main/Pipeline Replacements							
1-7067-20	1 So Novato Blvd-Rowland to Sunset (12"CI @ 1,000')	\$25,136	\$6,706	\$18,734	\$350,000	\$331,266	\$43,870
1-7130-00	2 STP 18" Transmission Line Evaluation (13,200')	34,426	3,280	7,044	130,000	122,957	41,470
1-7142-00	3 Shields Ln 6" Cast Iron (6" @ 1,120')	144,724	2,798	96,417	105,000	8,583	241,142
b. Main/Pipeline Additions							
1-7145-00	1 Zone A Pressure Improvements - Ignacio	35,915	1,054	13,607	200,000	186,394	49,522
1-7150-00	2 San Mateo 24" Inlet/Outlet	0	0	0	30,000	30,000	0
c. PB Service Line Replacements							
1-7123-11	1 Pacheco Valle (42 Svcs)	3,449	521	521	125,000	124,479	3,970
1-7123-15	2 Atherton Oaks/Summit Lane (20 Svcs)	2,068	12	12	0	(12)	2,080
	3 Replace PB in Sync w/City Paving (30 Svcs)	0	0	0	90,000	90,000	0
1-7123-17	4 City PB Repl (47 Svcs) (9 Streets)	10,073	0	700	0	(700)	10,773
d. Relocations to Sync w/City & County CIP							
	1 Other Relocations	0	0	0	80,000		
TOTAL PIPELINE REPLACEMENTS/ADDITIONS		\$255,793	\$14,370	\$137,034	\$1,110,000	\$892,967	\$392,827
e. Aqueduct Replacements & Enhancements							
1-7118-01	1 MSN B1-Utility Agreement Costs	\$205,639	\$6,170	\$6,302	\$13,000,000	\$12,993,698	\$211,941
1-7118-02	2 MSN B2-Utility Agreement Costs	33,875	323	323	0	(323)	34,198
1-7118-03	3 MSN B3-Utility Agreement Costs	994,557	1,281,739	2,621,871	0	(2,621,871)	3,616,428
1-7118-04	4 AEEP Permitting & Design	1,184,422	477,312	1,130,724	0	(1,130,724)	2,315,146
1-7118-05	5 AEEP Legal Challenge/Litigation	10,679	0	0	0	0	10,679
1-7118-07	6 AEEP- B1 Construction	454,553	(17)	(37,162)	0	37,162	417,391
1-7118-10	7 MSN Aq Caltrans Reimb - Seg B2 Gunn Dr ⁵	40,958	0	0	0	0	40,958
1-7118-17	8 AEEP B1 Betterment & Depreciation Cost	381,578	0	0	0	0	381,578
1-7118-18	9 AEEP B2 Betterment & Depreciation Cost	765	0	0	0	0	765
1-7118-20	10 AEEP-B3 Advance Tree Removal	296,424	(296,562)	(296,424)	0	296,424	0
1-7118-21	11 AEEP-B3 Tree Removal-NMWD Cost ⁷	19,689	0	0	0	0	19,689
TOTAL AQUEDUCT REPLACEMENTS AND ENHANCEMENTS		\$3,623,137	\$1,468,964	\$3,425,635	\$13,000,000	\$9,574,365	\$7,048,773

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING SEPTEMBER 30, 2014**

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Description	COST THRU JUNE 2014	SEPTEMBER 2014	FYTD TOTAL	FY 14/15 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
2 SYSTEM IMPROVEMENTS						
1-7008-11 a. RTU Upgrades	\$0	\$722	\$722	\$10,000	\$9,278	\$722
1-7007-09 b. Detector Check Assembly Repair/Repl (~14/yr)	0	1,013	2,325	150,000	147,675	2,325
1-7090-02 c. Anode Installations (150/yr)	9,002	2,313	6,264	30,000	23,736	15,266
1-7132-01 d. Radio Expansion Telemetry Upgrades	14,675	2,824	2,924	25,000	22,076	17,599
1-7054-05 e. Inaccurate Meter Replacement	0	0	0	10,000	10,000	0
1-7137-00 f. Backflow Device Upgrade-BMK (15 Svcs)	15,732	0	0	30,000	30,000	15,732
1-7146-00 g. Tank Access Hatch/Level Alarms (10 sites)	32,137	0	14,614	35,000	20,386	46,752
1-8650-20 h. Sampling Stations (6 biennially)	736	0	0	50,000	50,000	736
1-7136-00 i. Facilities Security Enhancements	0	0	0	25,000	25,000	0
1-7151-00 j. Emergency Generator Connections	0	287	287	15,000	14,713	287
TOTAL SYSTEM IMPROVEMENTS	\$72,283	\$7,159	\$27,136	\$380,000	\$352,864	\$99,419
3 BUILDINGS, YARD, & S.T.P. IMPROVEMENTS						
a. Administration Building						
1-6501-41 1 Admin Office/Lab/Yard Remodel Plan	\$0	\$0	\$0	\$50,000	\$50,000	\$0
1-6501-45 2 Office HVAC	0	0	0	200,000	200,000	0
1-6501-46 3 Office Emergency Generator	0	0	0	150,000	150,000	0
b. Corp Yard/Warehouse/Construction Office						
1-8738-01 1 SMART Crossing Rework (@ Golden Gate Pl)	379	0	0	0	0	379
1-8738-02 2 SMART Crossing Rework (@ Roblar Rd)	4,657	0	10,573	0	(10,573)	15,231
1-8738-03 3 SMART Crossing Rework (@ Hanna Ranch)	182,599	307	35,231	0	(35,231)	217,831
c. Stafford Treatment Plant						
1-6600-54 1 Start-Up Flushing Connection	14,428	3,264	5,154	50,000	44,846	19,582
1-6600-82 2 STP Emergency Power Generator	0	0	0	150,000	150,000	0
TOTAL BUILDING, YARD, & STP IMPROVEMENTS	\$202,064	\$3,571	\$50,959	\$600,000	\$499,041	\$253,023
4 STORAGE TANKS & PUMP STATIONS						
1-6201-21 a. Atherton Recoat/Mixing System	\$116,960	\$12,015	\$24,565	\$2,200,000	\$2,175,435	\$141,525
1-6112-24 b. Lynwood Pump Station Motor Control Center	58,761	642	26,822	90,000	63,178	85,584
1-6222-23 c. Sunset Tank Cl2 Mixing System	0	0	0	100,000	100,000	0
1-6141-00 d. Crest P.S.(Design/Const)/Reloc School Rd P.S.	19,133	510	6,880	30,000	23,120	26,013
TOTAL STORAGE TANKS & PUMP STATIONS	\$194,854	\$13,167	\$58,268	\$2,420,000	\$2,361,732	\$253,122
5 RECYCLED WATER						
5-7127-00 a. NBWRA Grant Program Administration	\$933,115	\$404	\$61,561	\$100,000	\$38,439	\$994,676
5-6056-11 b. Expansion to South Svc Area-Phase 1A ^{1,2}	1,457,095	10,876	11,806	0	(11,806)	1,468,901
5-6056-15 c. Expansion to South Svc Area-Phase 1B-Claims	33,063	0	0	0	0	33,063
5-6056-16 d. RW Expansion S Svc Area-PH1A Post Mitigation Monitoring	18,696	0	0	0	0	18,696
5-6058-10 e. RW Exp-Central Area-Pre Design	4,024	883	15,828	0	(15,828)	19,852
5-7155-00 f. Deer Island Wet Well Drain	0	0	0	19,000	19,000	0
5-7156-00 g. Deer Island SCADA/Reporting Move to STP	0	2,500	2,500	6,000	3,500	2,500
TOTAL RECYCLED WATER	\$2,445,994	\$14,663	\$91,695	\$125,000	\$33,305	\$2,537,689

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING SEPTEMBER 30, 2014**

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Description	COST THRU JUNE 2014	SEPTEMBER 2014	FYTD TOTAL	FY 14/15 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
6 WEST MARIN WATER SYSTEM						
System Improvements:						
2-6130-21 a. Olema PS Flood Protection & RTU Upgrade	\$19,057	\$178	\$5,466	\$100,000	\$94,534	\$24,523
2-7147-00 b. Emergency Generator Connections	14,405	0	0	15,000	15,000	14,405
2-7087-03 c. Gallagher Pipeline ⁹	56,959	510,444	543,901	1,286,000	742,099	600,860
2-7152-00 d. THM Spray Systems (3 Tanks)	0	0	0	10,000	10,000	0
2-7153-00 e. Upsize 4" Pipe from Bear Valley Tanks	0	1708	1960	120,000	118,040	1,960
2-6602-23 f. Replace Pump in Well #2	0	0	0	18,000	18,000	0
2-6605-23 g. Abandon Downey Well	0	0	0	50,000	50,000	0
2-6601-32 h. TP Solids Handling & Land Acquisition ⁵	190,026	0	892	0	(892)	190,918
2-7087-00 i. Gallagher Well Pipeline CEQA ⁶	29,845	(54)	0	0	0	29,845
2-7087-01 j. Gallagher Well Pipeline Design ⁶	107,687	(397)	(0)	0	0	107,687
2-7087-02 k. Gallagher Auxiliary Stream Gauge ⁶	71,570	0	4,016	0	(4,016)	75,585
TOTAL WEST MARIN WATER SYSTEM	\$489,549	\$511,879	\$556,235	\$1,599,000	\$1,042,765	\$1,045,784
7 OCEANA MARIN SEWER SYSTEM						
8-8672-28 a. Infiltration Repair-FY15	\$0	\$0	\$0	\$15,000	\$15,000	\$0
8-7154-00 b. Pond Power Relocation	0	0	0	15,000	15,000	0
8-6606-23 c. Disposal Field Fencing Upgrade	0	0	0	40,000	40,000	0
8-7148-00 d. SCADA RTU Upgrade and Install	9,356	0	12,578	0	(12,578)	21,934
TOTAL OCEANA MARIN SEWER SYSTEM	\$9,356	\$0	\$12,578	\$70,000	\$57,422	\$21,934
TOTAL PROJECT EXPENDITURES	\$7,293,029	\$2,033,774	\$4,359,540	\$19,304,000	\$14,814,461	\$11,652,570
8 LESS FUNDED BY GRANTS, LOANS & REIMBURSEMENTS						
(Accrued)/Deferred						
a. RW Expansion - South Service Area Grant ¹	(\$12,187)	\$0	\$12,187	\$0	(\$12,187)	\$0
b. MSN Aqueduct Caltrans Reimb-Segment B1-B3 ²	(640,152)	(796,345)	(1,918,933)	0	1,918,933	(2,559,085)
c. AEEP Segment B1-B3 ²	5,804,801	(477,312)	(1,130,724)	(4,436,000)	(3,305,276)	4,674,077
d. AEEP- B1 Construction ²	(30,641)	17	37,162	0	(37,162)	6,521
e. MSN Aqueduct Caltrans Reimb-Segment B2 Gunn Dr ²	(334)	0	334	0	(334)	0
f. AEEP-B3 Tree Removal-CT Reimb ³	(296,424)	296,562	296,424	0	(296,424)	0
g. TP Solids Handling & Land Acquisition ⁵	639,044	0	(669)	0	669	638,375
h. Gallagher Well Pipeline & Stream Gauge ⁶	(65,160)	(510,534)	(543,991)	0	543,991	(609,151)
FUNDING BY OTHERS (ACCRUED)/DEFERRED	\$5,398,948	(\$1,487,611)	(\$3,248,211)	(\$4,436,000)	(\$1,187,789)	\$2,150,737
Received						
a. RW Expansion - South Service Area Grant ¹	(\$2,117,562)	\$0	(\$12,187)	\$0	\$12,187	(\$2,129,749)
b. MSN Aqueduct Caltrans Reimb-Segment B1-B3 ²	(483,164)	(491,888)	(709,563)	(8,564,000)	(7,854,437)	(1,192,727)
c. AEEP Segment B1-B3 ²	(7,123,441)	0	0	0	0	(7,123,441)
d. AEEP- B1 Construction ²	(420,458)	0	0	0	0	(420,458)
e. MSN Aqueduct Caltrans Reimb-Segment B2 Gunn Dr ²	(40,624)	0	(334)	0	334	(40,958)
f. AEEP-B3 Tree Removal-CT Reimb ³	0	0	0	0	0	0
g. TP Solids Handling & Land Acquisition ⁵	(781,564)	0	0	0	0	(781,564)
h. Gallagher Well Pipeline & Stream Gauge ⁶	(200,901)	0	0	(1,286,000)	(1,286,000)	(200,901)
FUNDING BY OTHERS RECEIVED	(\$11,167,714)	(\$491,888)	(\$722,085)	(\$9,850,000)	(\$9,127,915)	(\$11,889,799)
NET PROJECT EXPENDITURES	\$1,524,263	\$54,276	\$389,245	\$5,018,000	\$4,498,757	\$1,913,508

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING SEPTEMBER 30, 2014**

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Description	COST THRU JUNE 2014	SEPTEMBER 2014	FYTD TOTAL	FY 14/15 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
CIP SUMMARY-GROSS EXPENDITURES:						
		Current Month	FYTD Total	FY 14/15 Budget	FYTD/ Budget%	
Novato Water Capital Projects		\$1,507,231	\$3,699,033	\$17,510,000	21%	
Novato Recycled Water Capital Projects		14,663	91,695	125,000	73%	
West Marin Water Capital Projects		511,879	556,235	1,599,000	35%	
Oceana Marin Sewer Capital Projects		0	12,578	70,000	18%	
Gross Capital Improvement Project Outlays		\$2,033,774	\$4,359,540	\$19,304,000	23%	
CIP SUMMARY-NET EXPENDITURES:						
		Current Month	FYTD Total	FY 14/15 Budget	FYTD/ Budget%	
Novato Water Capital Projects		\$38,267	\$273,397	\$4,510,000	6%	
Novato Recycled Water Capital Projects		14,663	91,695	125,000	73%	
West Marin Water Capital Projects		1,345	11,575	1,599,000	1%	
Oceana Marin Sewer Capital Projects		0	12,578	70,000	18%	
Net Capital Improvement Project Outlays		\$54,276	\$389,245	\$6,304,000	6%	

Notes to Capital Improvement Projects Schedule:

- (1) The District will receive State Prop 84 Grant Funding equal to project cost less overhead.
- (2) Funding includes a \$7M Bank Loan plus reimbursement from Caltrans for 100% of costs charged to jobs 1.7118.01-1.7118.03, & 1.7118.10.
- (3) Funding provided 100% by Caltrans.
- (4) Funding provided 100% by NMWD.
- (5) Funding provided 75% by Bank of Marin Loan & 25% by connection fees.
- (6) Funding provided 100% by State Dept of Public Health Prop 50 Grant up to \$1,486,000.

North Marin Water District Financial Statement Notes

Note 1 - Restricted Cash

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

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

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

MMWD Aqueduct Replacement Fund: Beginning February 5, 2014, Marin Municipal Water District (MMWD) shall pay the District a wheeling charge of \$12.00/acre-foot for all MMWD's Russian River water delivered, plus an additional \$4.00/acre-foot set aside charge. The set aside charge is credited to this fund for MMWD's share of the future replacement cost of the North Marin Aqueduct. The set aside charge shall be increased on July 1 of each subsequent year, beginning July 1, 2014, to reflect the change in the Engineering News Record Construction Cost Index for the San Francisco Bay Area for the preceding 12 months, but shall be no greater than 4% per year and no less than 2% per year. The fund balance accrues interest monthly.

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

Bank of Marin Project Fund: The District received an \$8 million loan from the Bank of Marin in October 2011 to fund the Aqueduct Energy Efficiency Project. The 20-year, 3.54% annual percentage rate loan requires monthly payments of \$46,067 and will be fully amortized on 10/27/31. In June 2012 the Board authorized reallocating \$1 million of this loan to West Marin Water to repay Novato Water \$223,000 owed for previous loans to fund Long Range Improvement Projects and the remainder to fund the Solids Handling Facility at the Point Reyes Water Treatment Plant. The unexpended fund balance accrues interest monthly.

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

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

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

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

Note 2 - Designated Cash

Liability Contingency Fund: Established in 1986 when the District first elected to self-insure its general liability risk. This reserve was funded with \$1 million initially and \$200,000 annually thereafter until it reached a balance of \$2 million. In FY98 the West Marin Water System was included in the fund and built-up a proportional reserve of \$74,000 over several years. Commencing FY93, \$1 million of the reserve was made available to fund loans to eligible employees under the District's Employer Assisted Housing Program. In August 2008, \$500,000 was transferred into this reserve from the Self-Insured Workers' Compensation Fund and made available to fund Employer Assisted Housing Program loans. Currently there are \$1,249,200 in Employer Assisted Housing Loans outstanding (see Note 3). In March 2005, \$652,400 was expended from the fund to purchase a home at 25 Giacomini Road in Point Reyes Station. The home is rented to an employee who provides after-hours presence in the community to respond to emergencies. In 2006, \$8,885 was added from the sale of surplus property in West Marin. In October 2013, the District acquired ownership of the home at 15 Gustafson Court in Novato to protect its interest in a \$192,585 Employer Assisted Housing loan. The fund balance does not accrue interest.

Self-Insured Workers' Compensation Fund: Commencing July 2011, the District began self-insuring its workers' compensation liability. The savings accrued through self-insuring the liability is reserved in this fund for possible future claims expense. The District carries a workers' compensation excess policy for claims that exceed \$750,000. See schedule on page 22.

Retiree Medical Benefits Fund: NMWD pays the cost of health insurance for retirees between the ages of 55 and 65 and spouse under any group plan offered by CalPERS. The retiree must be at least 55 and have a minimum of 12 years of NMWD service at the date of retirement. NMWD's contribution toward the chosen plan is capped in the same manner as all other NMWD employees in the same class. Coverage terminates for the spouse when the spouse becomes eligible for Medicare, or for both the retiree and spouse when the retiree becomes eligible for Medicare. When the retiree or spouse becomes eligible for Medicare, NMWD pays up to the couple annuitant rate, which is capped at \$3,830 per year (\$319/month). In August 2003, NMWD transferred \$2.55 million (\$2.3 million for current retirees plus \$250,000 for future retirees) from unrestricted cash into a reserve to fund this obligation. In 2010 the Board directed staff to add \$1,500 per employee annually as a payroll overhead to accrue and accelerate amortization of this liability. In 2013 an Actuarial Analysis calculated NMWD's total actuarial liability at \$4.2 million. This reserve fund earns interest monthly, and currently has a balance of \$3.3 million. Accounting Standards require that the \$4.2M reserve be fully funded in 20 years.

Drought Contingency (Rate Stabilization) Fund: In August 2008, the Board directed staff to establish this reserve with \$135,000 from the Self-Insured Workers' Compensation Fund for the Novato district to draw upon during dry years. A threshold of 3.2 billion gallons of potable consumption was established as a benchmark for 'normal' years. During any fiscal year that water sales volume exceeds 3.2BG, the incremental revenue generated is deposited into the Drought Contingency Reserve. In those years when sales volume falls below the benchmark, funds are withdrawn from the reserve to maintain the budgeted

revenue forecast. The goal is to build a reserve equal to 20% (currently \$2,500,000) of budgeted annual water commodity sales. In FY09 \$50,335 was added to the reserve. The fund was fully depleted in FY10. The fund balance accrues interest monthly.

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

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

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

Note 3 – Employee Loans

Housing Loans: The District's Employer Assisted Housing Program allows up to \$300,000 to be loaned to an employee for a period of up to 15 years for the purchase of a home within the District service territory that will enable the employee to respond rapidly to emergencies affecting the operation of the District. Repayment is due upon sale, termination of employment, or other event as described in the Program. Interest on the loan is contingent upon and directly proportional to the appreciation in value occurring on the purchased property. There are seven employee-housing loans currently outstanding totaling \$1,249,200: a \$250,000 loan dated August 2004, a \$39,200 loan dated September 2004, a \$300,000 loan dated October 2006, a \$140,000 loan dated September 2007, a \$150,000 loan dated November 2007, a \$125,000 loan dated July 2008, and a \$245,000 loan dated June 2010.

Personal Computer Loans: Up to \$3,500 may be loaned to an employee for a period of up to 36 months under the District's Personal Computer Loan Program. Loans are repaid with interest at the rate earned on the District's investment portfolio at the time of the loan plus one percent. Currently there is one employee loan outstanding totaling \$255.

Note 4 – Purchased Water Capital Component

In 2003 the Sonoma County Water Agency issued \$6.8 million in 30-year 4.75% revenue bonds to finance the Wohler to Forestville pipeline. That same year the Agency received a \$15.8 million 2.8% 20-year State Revolving Fund loan to finance construction of Collector #6. For these two projects the District pays the Agency a debt amortization surcharge incorporated into its purchased water cost. The FY13 Purchased Water Capital Cost Component is \$225,000, which is the District's share of the annual debt service for these projects, and is paid as a \$114.83/MG surcharge, based on budgeted water deliveries. The Purchased Water Capital Component is funded from Restricted Cash Reserves established to amortize this debt (see Note 1 - Wohler Pipeline and Collector #6 Financing Funds).

Note 5 – Depreciation

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

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

Note 6 - Capitalization Policy

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

Note 7 – Bond & Loan Servicing Schedule for Fiscal Year 2014-2015

Service Area	Description	Issue Date	Rate	Original Amount	Payment Due	Final Pmt	FY15		6/30/15 Outstanding Balance
							Interest	Principal	
1 Novato	EDA Loan	1977	5.0%	\$351,770	7/1	7/1/17	\$2,504	\$15,152	\$50,293
2 Novato	SRF Loan - STP	2004	2.39%	\$16,528,850	7/1 & 1/1	7/1/29	\$317,441	\$735,721	\$12,365,655
3 Novato	Bank Marin Loan	2011	3.54%	\$7,000,000	27 th /mo	10/27/31	\$211,114	\$270,928	\$5,983,301
Novato Total Payment							\$531,059	\$1,021,801	\$18,399,249
4 RW TP	SRF Loan	2006	2.4%	\$4,302,560	6/19	6/19/27	\$72,529	\$200,838	\$2,821,188
5 RW North	SRF Loans (4)	2013	2.6%	\$4,375,605	Varies	Varies	\$106,151	\$175,741	\$3,907,002
6 RW South	SRF Loans (3)	2013	2.2%	\$5,359,858	Varies	Varies	\$110,380	\$222,026	\$4,961,115
Recycled Water Total Payment							\$289,060	\$598,605	\$11,689,305
7 Olema	OL-2 GO Bond	1975	5.0%	\$70,000	1/1	1/1/15	\$99	\$3,921	\$0
8 Point Reyes	EDA Loan	1977	5.0%	\$46,000	7/1	7/1/17	\$339	\$2,250	\$6,807
9 PRE	PRE-1 Revenue	1980	5.0%	\$240,000	10/1 & 4/1	4/1/20	\$3,463	\$11,000	\$62,000
10 Point Reyes	PR-6 Revenue	1981	5.0%	\$217,800	7/1 & 1/1	7/1/21	\$3,750	\$9,000	\$66,000
11 WM Water	Bank Marin Loan	2012	3.54%	\$1,000,000	27 th /mo	10/27/31	\$30,989	\$39,769	\$884,653
West Marin Water Total Payment							\$38,640	\$65,940	\$1,019,460
Total FY15 Payment							\$858,759	\$1,686,346	\$31,108,014

1. In 1977 the Federal Economic Development Administration issued a 40-year 5% loan of \$351,770 to assist in the funding emergency Novato Water system projects in response to the drought.
2. In April 2004 the California State Department of Water Resources approved a 2.39% 20-year loan for reconstruction of the Stafford Water Treatment Plant. The project was completed in FY09 with repair of the Outlet Tower Sluice Gate. Interest paid during construction totaled \$1,636,378. The loan covenants require an annual reserve fund contribution of \$104,447 (10% of the annual debt service obligation) be deposited into the Marin County Treasury during each of the first ten years of the repayment period. Debt service is funded 25% by Facility Reserve Charges.
3. In October 2011 Bank of Marin made a 20-year 3.54% (APR) loan of \$8 million to fund the District's share of the Aqueduct Energy Efficiency Project. See Note 16, and note to loan 10 below.
4. In August 2006 the California State Department of Water Resources approved a 2.4% 20-year loan of \$4,264,545 for construction of the Deer Island Recycled Water Facility. With the addition of \$38,015 in Construction Period Interest, the loan principal totaled \$4,302,560. The project was completed in June 2007, and the first payment was made June 19, 2008.
5. In July 2011 the California State Department of Water Resources approved a series of four 2.6% 20-year loans which totaled \$4,375,605 for the Recycled Water North Service Area Expansion Project. The projects were completed on October 31, 2012, and the first payment was made in November of 2012.

6. In March 2012 the California State Department of Water Resources approved a series of three 2.2% 20-year loans totaling \$5,361,952 for the Recycled Water South Service Area Expansion Project. The projects were completed on September 4, 2013, and the first payment was made in December of 2013.
7. In June 1973, after petition and creation of an improvement district (OL-1) for the investigation of water service to Olema and the Point Reyes National Seashore Headquarters, Olema voters, by a 92% "yes" vote, approved formation of an improvement district (OL-2) and a bonded debt of \$70,000 to acquire and improve the Olema Water Company owned by W. Robert Phillips and others and to service that area. The Farmers Home Administration purchased the 1975 bond issue in its entirety. On 6/1/91, at the demand of the FHA, the Novato Water District repurchased the remaining \$56,760 balance in the Olema bond debt. The interest rate paid to Novato Water on the OL-2 bond was thereafter reset to the higher of the rate earned by the District treasury or the stated rate of 5%. The bond will be paid off in December of 2014.
8. In 1977 the Federal Economic Development Administration issued a 40-year 5% loan of \$46,000 to assist in the funding emergency West Marin Water system projects, including temporary diversions from Bear Valley Creek and Lagunitas Creek in response to the drought.
9. The Paradise Ranch Estates private water system was created by David Adams and Sons in 1952 to provide water to 85 homes in the PRE subdivision located north of Inverness Park. Problems with water quality and quantity developed and in 1969 the Marin County Health Department issued a boil-water order to all customers of the company. In 1972 the County declared a moratorium on issuance of building permits. A suit by property owners resulted in an agreement reached in Marin Superior Court in late 1978 directing Adams to finance a District feasibility study for the takeover of the system. This culminated in formation of Improvement District PRE-1 and an election authorizing issue of \$240,000 of 5% 40-year revenue bonds, which, in conjunction with a \$720,000 Farmers Home Administration grant, financed system rehabilitation. Service was provided from the Point Reyes System by installation of an additional well, expansion of the treatment plant, and a 6-inch pipeline connection at the Inverness Park pump station extending 1.6 miles along Sir Francis Drake Boulevard to the newly reconstructed Paradise Ranch Estates distribution system. On 4/22/80 the USDA purchased the revenue bond issue in its entirety.
10. In 1981 work commenced on rehabilitating the Point Reyes Inverness Park water system. 18,865 feet of pipeline was either replaced or installed, a 300,000-gallon tank was added in Point Reyes Station and a 100,000-gallon tank was added in Inverness Park. Total cost of these improvements was \$820,015. A 72% grant combined with a \$217,800 5% 40-year revenue bond acquired 8/28/81 by the Farmers Home Administration financed the project.
11. In June 2012 the Board authorized reallocating \$1 million of the Bank of Marin loan to West Marin Water to repay Novato Water \$223,000 owed for loans to fund Long Range Improvement Projects and the remainder to fund the Solids Handling Facility at the Point Reyes Water Treatment Plant. See note to loan 3 above.

Note 8 – Unemployment Insurance Reserve

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

Note 9 – Payroll Benefits

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

Note 10 - Interest Policy on Inter-District Loans

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

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

Note 11 – Budget Augmentations

Note 12 – Prior Period Adjustment

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

Note 13 – Provision for Pension Related Debt and Side Fund

NMWD participates in the CalPERS 2.5% at age 55 retirement plan. Per CalPERS Actuarial Valuation as of June 30, 2012 (most recent data available) NMWD had an accrued liability of \$34.6 million and assets valued on an actuarial basis at \$27.7 million, rendering an unfunded liability of \$6.9 million (\$34.6 - \$27.7), and a funded ratio of 80.1% ($\$27.7 / \34.6). Using the market value of assets at June 30, 2012, the funded ratio was 67.3%.

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

Note 14 – Explanation of Financial Statement Components

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

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

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

The Income Statement and Cash Flow by Service Area (page 9) presents the net income (loss) for the fiscal year-to-date (FYTD) period for each of the District's four service areas. The income and expenses on this report are presented in conformity with Generally Accepted Accounting Principles (GAAP) and comply with Governmental Accounting Standards Board pronouncements. Accordingly, all income and

expenses are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement measures the success of each service area's operations and can be used to determine whether the service area has successfully recovered all costs through user fees and other charges.

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

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

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

Note 15 –Connection Fee Transfers from Novato Water To Recycled Water

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

	Expansion Local Share			NBWRA	SRF RWF Expansion		Total	Transfer Executed
	North	South	Central		Loan	SRF Loan		
FY07				\$29,725			\$29,725	
FY08				\$50,478	\$22,795		\$73,273	
FY09				\$150,455	\$22,795		\$173,250	
FY10	\$133,659			\$75,198	\$22,795		\$231,652	\$133,659
FY11				\$133,319	\$22,795		\$156,114	
FY12	\$233,478	\$265,500		\$115,883	\$22,795		\$637,656	
FY13				\$315,023	\$22,795	\$464,572	\$802,390	\$1,970,400
FY14	\$236,291	\$723,525	\$4,024	\$63,035	\$22,795	\$500,529	\$1,550,200	\$1,550,200
FY15		\$11,806	\$15,828	\$61,561		\$216,362	\$305,556	\$305,556
	\$603,428	\$1,000,831	\$19,852	\$994,677	\$159,564	\$1,181,463	\$3,959,817	\$3,959,817

Note 16 –Debt Service Coverage Ratio

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

	FY11	FY12	FY13	FY14	FY15 Budgeted
Net Income/(Loss)	(\$1,156,582)	(\$217,163)	\$2,036,943	\$488,288	\$1,782,000
Depreciation	\$2,660,418	\$2,726,598	\$2,784,648	\$3,128,302	\$245,000
Interest Expense	\$710,416	\$654,484	\$778,762	\$830,830	\$867,000
Connection Fees	\$387,610	\$1,005,680	\$876,350	\$152,800	\$1,319,000
Total Available For Debt Service	\$2,601,862	\$4,169,599	\$6,476,703	\$4,600,219	\$4,213,000
Annual Debt Service	\$1,385,156	\$1,770,894	\$2,118,314	\$2,425,585	\$20,171,000
Debt Service Coverage Ratio	1.88	2.35	3.06	1.90	0.21

	FYTD15 Actual	FY15 Budgeted
Bank of Marin Debt Service Coverage Calculation¹		
Change in Net Assets ²	\$2,942,309	\$4,387,000
Interest Expense	\$215,724	\$867,000
Depreciation & Amortization	\$245,000	\$245,000
Total Available for Debt Service	\$4,589,882	\$5,499,000
Bank of Marin Annual Debt Service	\$552,800	\$552,800
Bank of Marin Coverage Ratio	8.30	9.95

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

² See page 9

Note 16 –Debt Service Coverage Ratio

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

	FY11	FY12	FY13	FY14	FY15 Budgeted
Net Income/(Loss)	(\$1,156,582)	(\$217,163)	\$2,036,943	\$488,288	\$1,782,000
Depreciation	\$2,660,418	\$2,726,598	\$2,784,648	\$3,128,302	\$3,146,000
Interest Expense	\$710,416	\$654,484	\$778,762	\$830,830	\$867,000
Connection Fees	\$387,610	\$1,005,680	\$876,350	\$152,800	\$1,319,000
Total Available For Debt Service	\$2,601,862	\$4,169,599	\$6,476,703	\$4,600,219	\$7,114,000
Annual Debt Service	\$1,385,156	\$1,770,894	\$2,118,314	\$2,425,585	\$2,537,000
Debt Service Coverage Ratio	1.88	2.35	3.06	1.90	2.80

	FYTD15 Actual	FY15 Budgeted
Bank of Marin Debt Service Coverage Calculation¹		
Change in Net Assets ²	\$2,927,954	\$4,387,000
Interest Expense	\$215,724	\$867,000
Depreciation & Amortization	\$805,578	\$3,146,000
Total Available for Debt Service	\$5,136,104	\$8,400,000
Bank of Marin Annual Debt Service	\$552,800	\$552,800
Bank of Marin Coverage Ratio	9.29	15.20

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

² See page 9

7

NORTH MARIN WATER DISTRICT
MONTHLY PROGRESS REPORT FOR September 2014
 October 21, 2014

1.

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

Month	FY14/15	FY13/14	FY12/13	FY11/12	FY10/11	15 vs 14 %
July	319	385	389	371	379	-17%
August	301	360	396	373	368	-16%
September	276	332	346	347	358	-17%
FYTD Total	895	1,077	1,131	1,091	1,106	-17%

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

Month	FY14/15	FY13/14	FY12/13	FY11/12	FY10/11	15 vs 14 %
July	8.6	9.3	9.8	9.2	9.9	-7%
August	8.5*	9.3	9.7	9.4	9.9	-8%
September	7.8*	8.5	8.3	8.7	9.2	-9%
FYTD Total	24.9	27.1	27.9	27.4	29.0	-8%

* The Aug/Sept 2014 billing was down 24% from 2013. The variance with production is presumably due to NMWD distribution system leaks.

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

Month	FY14/15	FY13/14	FY12/13	FY11/12	FY10/11	15 vs 14 %
July	83	98	49	115	109	-15%
August	61	83	83	126	108	-26%
September	26	56	72	77	112	-53%
FYTD Total	170	237	204	318	329	-28%

Recycled Water Production - in Million Gallons - FY to Date

Month	FY14/15	FY13/14	FY12/13	FY11/12	FY10/11	15 vs 14 %
July	21.8	27.6	11.2	11.0	11.9	-21%
August	26.0	26.2	10.5	12.2	11.2	-1%
September	18.4	18.6	8.5	9.6	9.5	-1%
FYTD Total*	66.3	72.4	30.2	32.8	32.7	-8%

*Excludes potable water input into the RW system: FY15=4.5MG; FY14=3.4MG.

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2. Stafford Lake Data

	September Average	September 2013	September 2014
Rainfall this month	0.24 Inches	0.33 Inches	0.30 Inches
Rainfall this FY to date	0.23 Inches	0.33 Inches	0.30 Inches
Lake elevation*	182.9 Feet	182.0 Feet	177.44 Feet
Lake storage**	588 MG	545 MG	372 MG

* Spillway elevation is 196.0 feet

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

Temperature (in degrees)

	Minimum	Maximum	Average
September 2013 (Novato)	50	98	68
September 2014 (Novato)	48	109	74

3. Number of Services

September 30	Novato Water			Recycled Water			West Marin Water			Oceana Marin Swr		
	FY15	FY14	Incr %	FY15	FY14	Incr %	FY15	FY14	Incr %	FY15	FY14	Incr %
Total meters	20,747	20,708	0.2%	48	45	7%	821	819	0.2%	-	-	-
Total meters active	20,502	20,479	0.1%	44	42	5%	777	776	0.1%	-	-	-
Active dwelling units	23,949	23,941	0.0%	0	0	-	823	811	0.2%	229	227	0.9%

4. Oceana Marin Monthly Status Report (September)

Description	September 2013	September 2014
Effluent Flow Volume (MG)	0.404	0.370
Irrigation Field Discharge (MG)	0.377	0
Treatment Pond Freeboard (ft)	4.9	5.5
Storage Pond Freeboard (ft)	6.8	3.9

5. Developer Projects Status Report (September)

Job No.	Project	Complete	% This month
1.2777.00	Walnut Meadows	5	5
1.2768.00	OMA Village Water Facilities	60	0

District Projects Status Report - Const Dept (September)

Job No.	Project	% Complete	% This month
6112.24	Lynwood P.S. Motor Control	10	0
7087.03	Gallagher Well Pipeline Inter-Connection	10	0

Employee Hours to Date, FY 14/15

As of Pay Period Ending September 30, 2014
Percent of Fiscal Year Passed = 25 %

Developer Projects	Actual	Budget	% YTD Budget	District Projects	Actual	Budget	% YTD Budget
Construction	301	1,400	22	Construction	957	4,979	19
Engineering	81	1,480	5	Engineering	1,426	3,546	40

6. Safety/Liability

	Industrial Injury with Lost Time				Liability Claims Paid	
	Lost Days	OH Cost of Lost Days (\$)	No. of Emp. Involved	No. of Incidents	Incurred (FYTD)	Paid (FYTD) (\$)
FY through September 14	64	32,256	1	0	2	2,174
FY through September 13	41	17,056	1	0	1	371

Days without a lost time accident through September 30, 2014= 123 days

7. Energy Cost

FYE	September			Fiscal Year-to-Date thru September		
	Kwh	¢/Kwh	Cost/Day	Kwh	¢/Kwh	Cost/Day
2015 Stafford TP	68,175	17.3¢	\$393	217,618	14.2¢	\$335
Pumping	145,588	16.6¢	\$804	472,085	16.7¢	\$859
Other*	43,661	23.5¢	\$342	136,226	23.3¢	\$345
	<u>257,424</u>	<u>17.9¢</u>	<u>\$1,539</u>	<u>825,928</u>	<u>17.2¢</u>	<u>\$1,540</u>
2014 Stafford TP	67,231	17.1¢	\$382	222,104	17.1¢	\$412
Pumping	197,998	15.7¢	\$973	565,828	16.0¢	\$997
Other*	53,078	21.7¢	\$360	149,594	21.9¢	\$360
	<u>318,306</u>	<u>17.0¢</u>	<u>\$1,746</u>	<u>937,526</u>	<u>17.2¢</u>	<u>\$1,773</u>
2013 Stafford TP	56,457	17.1¢	\$186	213,274	14.6¢	\$246
Pumping	68,479	37.1¢	\$909	378,925	19.0¢	\$776
Other*	31,080	23.9¢	\$225	131,655	24.4¢	\$335
	<u>156,016</u>	<u>27.3¢</u>	<u>\$1,119</u>	<u>723,855</u>	<u>18.7¢</u>	<u>\$1,328</u>

*Other includes West Marin Facilities

8. Water Conservation Update

	Month of September 2014	Fiscal Year to Date	Program Total to Date
High Efficiency Toilet (HET) Rebate (\$100 each)	23	83	3,026
Retrofit Certificates Filed	17	76	5,105
Cash for Grass Rebates Paid Out	15	43	604
Washing Machine Rebates	13	46	6,490
Water Smart Home Survey	58	107	1,863

9. Utility Performance Metric

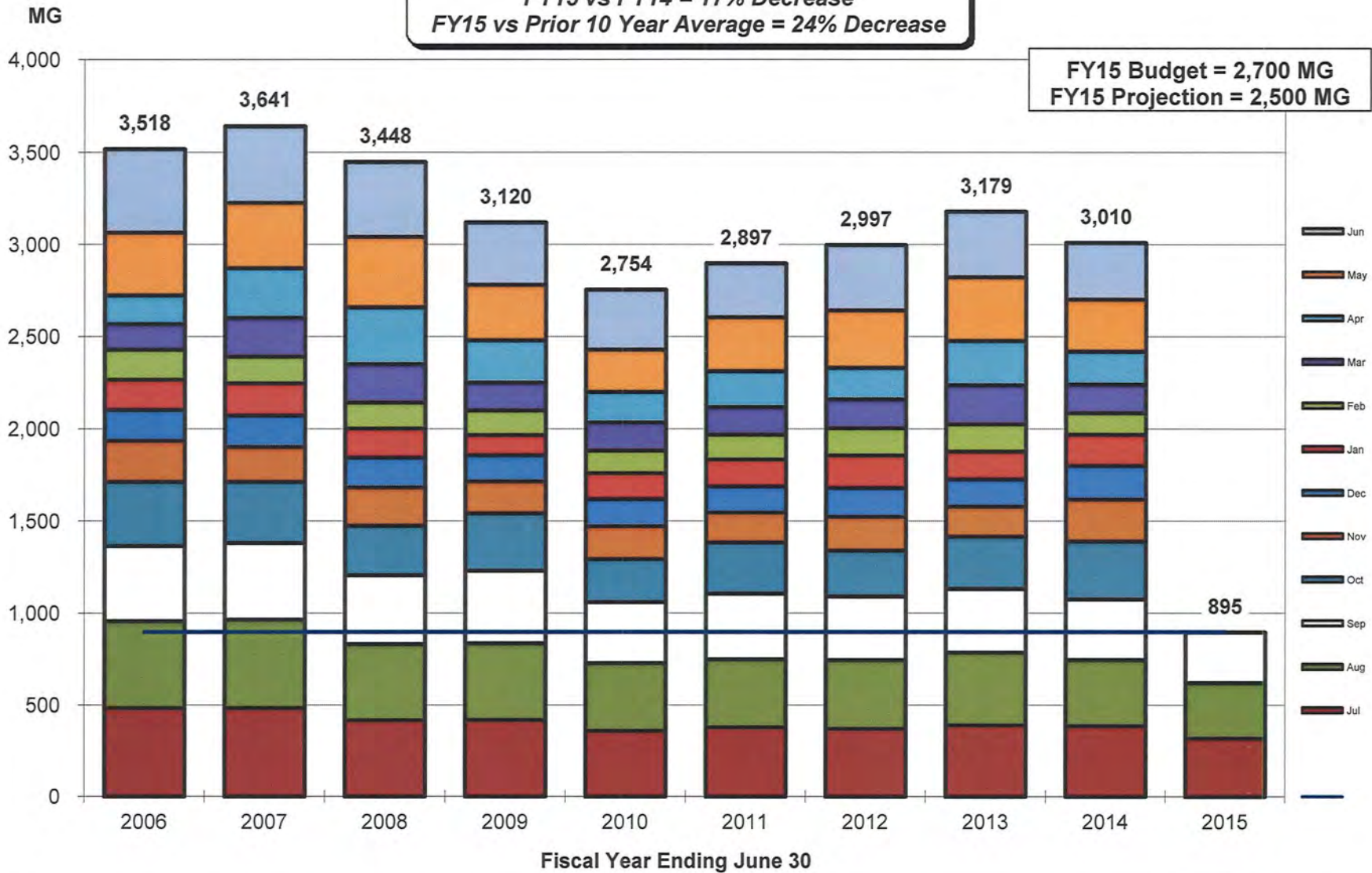
<u>SERVICE DISRUPTIONS</u>	September No. of Customers Impacted
PLANNED	
Duration Between 0.5 and 4 hours	6
Duration Between 4 and 12 hours	1
Duration Greater than 12 hours	
UNPLANNED	
Duration Between 0.5 and 4 hours	9
Duration Between 4 and 12 hours	25
Duration Greater than 12 hours	

<u>SERVICE LINES REPLACED</u>	September
Polybutylene	6
Copper (Replaced or Repaired)	3

Novato Potable Water Production

FY15 vs FY14 = 17% Decrease
FY15 vs Prior 10 Year Average = 24% Decrease

FY15 Budget = 2,700 MG
FY15 Projection = 2,500 MG



NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders September 2014

10/13/2014

Type	Sep-14	Sep-13	Action Taken September 2014
<u>Consumers' System Problems</u>			
Service Line Leaks	18	15	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	3	4	Turned Back On
Nothing Found	8	8	Notified Consumer
Low Pressure	1	1	Pressure @ 68 PSI. Faucets clogged.
High Pressure	0	0	~
Water Waster Complaints	0	0	~
Total	30	28	
<u>Service Repair Reports</u>			
Register Replacements	0	0	~
Meter Replacement	0	1	~
Meter Box Alignment	0	0	~
Meter Noise	0	0	~
Dual Service Noise	0	0	~
Box and Lids	0	2	~
Water Off/On Due To Repairs	10	4	Notified Consumer
Misc. Field Investigation	2	3	Notified Consumer
Total	12	10	
<u>Leak NMWD Facilities</u>			
Main-Leak	1	0	Repaired
Mains-Nothing Found	0	0	~
Mains-Damage	0	1	~
Service- Leak	15	5	Repaired
Services-Nothing Found	1	3	Notified Consumer
Service-Damaged	0	0	~
Fire Hydrant-Leak	3	2	Repaired
Fire Hydrants-Nothing Found	0	0	~
Fire Hydrants-Damaged	0	0	~
Meter Replacement	0	2	~
Meters-Leak	0	0	~
Meters-Nothing Found	0	0	~
Meters Damaged	0	0	~
Washer Leaks	9	11	Replaced
Total	29	24	
<u>High Bill Complaints</u>			
Consumer Leaks	7	2	Notified Consumer
Meter Testing	0	0	~
Meter Misread	7	8	Notified Consumer
Nothing Found	39	36	Notified Consumer
Projected Consumption	0	0	~
Excessive Irrigation	1	3	~
Total	54	49	

NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders September 2014

10/13/2014

<u>Type</u>	<u>Sep-14</u>	<u>Sep-13</u>	<u>Action Taken September 2014</u>
<u>Low Bill Reports</u>			
Meter Misread	0	0	~
Stuck Meter	1	0	Replaced
Nothing Found	1	0	Notified Consumer
Projected Consumption	0	0	~
Minimum Charge Only	0	0	~
Total	2	0	
<u>Water Quality Complaints</u>			
Taste and Odor	1	1	<i>Customer reported chemical taste in water. (Cowbarn Ln)</i> Bad taste was sporadic, possible hose backflow from neighbors. At time of sampling, neighbor beneath had hose connected. All results normal and customer was notified.
Color	0	0	~
Turbidity	0	0	~
Suspended Solids	0	0	~
Other	3	0	<i>Customer wanted water tested. (Hotchkin Dr)</i> All results clean & normal. Customer was notified of results. <i>Customer wanted water tested for lead. (San Benito Way)</i> Results normal for NMWD. Customer was notified of results. <i>Customer wanted water tested due to the sediment in our pipes. (Calle De La Mesa)</i> Advised customer sediment in pipes is not a health concern. All results normal for NMWD water. Customer was notified of results.
Total	4	1	
TOTAL FOR MONTH:	131	112	17%

Fiscal YTD Summary

Consumer's System Problems	103	90	14%	Increase in Consumer Srvc Line Leak
Service Repair Report	34	40	-15%	Decrease In Misc Field Investigation
Leak Complaints	113	88	28%	Increase in NMWD Service Line Leaks
High Bill Complaints	115	138	-17%	Decrease In Nothing Found
Low Bills	5	0	0%	~
Water Quality Complaints	16	43	-63%	Decrease In Taste & Odor
Total	386	399	-3%	

Change Primarily Due To

NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders September 2014

10/13/2014

<u>Type</u>	<u>Sep-14</u>	<u>Sep-13</u>	<u>Action Taken September 2014</u>
<u>"In House" Generated and Completed Work Orders</u>			
<u>Check Meter:</u> possible consumer/District leak, high bill, flooded, need read, etc.	221	187	
<u>Change Meter:</u> leaks, hard to read	7	2	
<u>Possible Stuck Meter</u>	0	1	
<u>Repair Meter:</u> registers, shut offs	0	0	
<u>Replace Boxes/Lids</u>	0	0	
<u>Hydrant Leaks</u>	0	0	
<u>Trims</u>	21	0	
<u>Dig Outs</u>	36	16	
<u>Letters to Consumer:</u> meter obstruction, trims, bees, gate access, etc.	0	0	
<u>Misc:</u> locate meter, get meter number, cross connection follow ups, kill service, etc.	0	0	
	285	206	

Bill Adjustments Under Board Policy:

September 14 vs. September 13

Sep-14	34	\$17,598
Sep-13	29	\$8,330

Fiscal Year to Date vs. Prior FYTD

14/15 FYTD	71	\$29,065
13/14 FYTD	101	\$25,086

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Customer Service Questionnaire Quarterly Report

Quarter Ending 09/30/14



NMWD

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10/7/2014

	Response		
	Agree	Neutral	Disagree
Water Quality			
Courteous & Helpful	1		
Accurate Information	1		
Prompt Service	1		
Satisfactorily Resolved	1		
Overall Experience	1		
	<u>5</u>	<u>0</u>	<u>0</u>

	Response		
	Agree	Neutral	Disagree
Leak			
Courteous & Helpful	21		1
Accurate Information	20	1	1
Prompt Service	20	2	
Satisfactorily Resolved	19	3	
Overall Experience	20	2	
	<u>100</u>	<u>8</u>	<u>2</u>

	Response		
	Agree	Neutral	Disagree
Billing			
Courteous & Helpful	6	1	
Accurate Information	6	1	
Prompt Service	7		
Satisfactorily Resolved	5	2	
Overall Experience	6	1	
	<u>30</u>	<u>5</u>	<u>0</u>

	Response		
	Agree	Neutral	Disagree
Pressure			
Courteous & Helpful	2		
Accurate Information	2		
Prompt Service	2		
Satisfactorily Resolved	2		
Overall Experience	2		
	<u>10</u>	<u>0</u>	<u>0</u>

	Response		
	Agree	Neutral	Disagree
Noisy Pipes			
Courteous & Helpful			
Accurate Information			
Prompt Service			
Satisfactorily Resolved			
Overall Experience			
	<u>0</u>	<u>0</u>	<u>0</u>

	Response		
	Agree	Neutral	Disagree
Other			
Courteous & Helpful	2		
Accurate Information	1	1	
Prompt Service	2		
Satisfactorily Resolved	2		
Overall Experience	2		
	<u>9</u>	<u>1</u>	<u>0</u>

Grand Total	<u>154</u>	<u>14</u>	<u>2</u>
	91%	8%	1%

Questionnaires Sent Out	149	100%
Questionnaires Returned	34	23%

Customer Service Questionnaire Quarterly Report
Quarter Ending 09/30/14

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Customer Comments	Staff Response to Negative Comments	Issues NMWD Should Address In The Future
<p>Water Quality</p> <p>Leaks FSR was great, but telephone rep was not courteous. She doubted we had a leak. FSR did find a leak. Very pleased with help. I'm very impressed by the courteous, prompt & professional manner the problem was handled. Darrell was a great help. Both Adam & Rich were helpful. Person who came was great. You guys responded within 15 minutes of my call & the service was great. Excellent service and very helpful.</p> <p>Billing He arrived sooner than expected which was good. The office staff got a little curt with me then apologized. The FSR was very helpful. Good response and service.</p> <p>Other Prompt, courteous technician.</p> <p>Pressure The service we received was great. Very nice man.</p>	<p>Prior to dispatching FSR, office staff advised customer that Sept 2014 billing of 25,000 gal was significantly less than prior year 41,000 gal billing.</p> <p>No leaks and read was correct.</p>	

MEMORANDUM

To: Board of Directors

October 17, 2014

From: David L. Bentley, Auditor-Controller

Subj: Auditor-Controller's Monthly Report of Investments for September 2014

t:\acl\word\invest\14\investment report 0914.doc

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None

At month end the District's Investment Portfolio had an amortized cost value (i.e., cash balance) of \$15,226,983 and a market value of \$15,234,298. During September the cash balance increased by \$1,857,898, due in part to receipt of \$492,000 from Caltrans for the Aqueduct Energy Efficiency Project, and \$523,450 in Developer Fees. The market value of securities held decreased by \$1,581 during the month. The ratio of total cash to budgeted annual operating expense, excluding the \$4,431,544 unexpended balance¹ of the Bank of Marin loan, stood at 78%, up 19% from the prior month.

At September 30, 2014, 37% of the District's Portfolio was invested in California's Local Agency Investment Fund (LAIF), 24% in Time Certificate of Deposits, 13% in Corporate Medium Term Notes, 13% in US Treasury Notes, and 3% in Federal Agency Securities. The weighted average maturity of the portfolio was 255 days, compared to 278 days at the end of August. The LAIF interest rate for the month was 0.25%, compared to 0.26% the previous month. The weighted average Portfolio rate was 0.44%, compared to 0.47% the previous month. Including interest paid by Black Point Partners on the StoneTree Golf Club Recycled Water Facilities Loan, the District earned \$12,648 in interest revenue during September, with 56% earned by Novato Water, 36% earned by Recycled Water (by virtue of the Black Point Partners loan) and the balance distributed to the other improvement districts.

Given that 37% of the District's Investment Portfolio is invested in LAIF, it is important to monitor the financial health of the State Treasury. State Controller John Chiang's September report on California's financial position stated:

"Driven by an upswing in consumer activity and job growth, September revenues beat projections by more than \$670 million. If we remain disciplined in paying down the State's debt, building a healthy reserve, and tackling the \$64 billion unfunded liability associated with providing health benefits to our retired public workforce, Californians will have longer to enjoy this newfound prosperity."

¹ Unexpended Bank of Marin loan balance is comprised of \$1,861,923 in cash plus \$2,569,621 in reimbursement owed by Caltrans.

**NORTH MARIN WATER DISTRICT
AUDITOR-CONTROLLER'S MONTHLY REPORT OF INVESTMENTS
September 30, 2014**

Type	Description	S&P Rating	Purchase Date	Maturity Date	Cost Basis ¹	9/30/2014 Market Value	Yield ²	% of Portfolio
LAIF	State of CA Treasury	A	Various	Open	\$5,642,283	\$5,643,969	0.25% ³	37%
Time Certificate of Deposit								
TCD	Ally Bank	n/a	9/28/12	10/1/14	\$248,000	\$248,000	0.85%	2%
TCD	Goldman Sachs	n/a	12/5/12	12/5/14	248,000	248,000	0.75%	2%
TCD	GE Capital Retail Bank	n/a	10/11/13	4/13/15	248,000	248,000	0.80%	2%
TCD	Discover Bank	n/a	5/1/13	5/1/15	248,000	248,000	0.50%	2%
TCD	GE Capital Bank	n/a	6/10/13	6/8/15	248,000	248,000	0.50%	2%
TCD	American Express	n/a	8/1/13	8/3/15	248,000	248,000	0.70%	2%
TCD	Compass Bank	n/a	9/4/13	9/4/15	248,000	248,000	0.65%	2%
TCD	Sallie Mae Bank	n/a	10/23/13	10/23/15	248,000	248,000	0.80%	2%
TCD	BMW Bank	n/a	12/11/13	12/11/15	248,000	248,000	0.70%	2%
TCD	Key Bank	n/a	3/19/14	3/21/16	248,000	248,000	0.45%	2%
TCD	Barclays Bank	n/a	4/15/14	4/15/16	248,000	248,000	0.55%	2%
TCD	Americanwest Bank	n/a	5/30/14	5/31/16	249,000	249,000	0.50%	2%
TCD	Enerbank	n/a	6/30/14	6/30/16	249,000	249,000	0.65%	2%
TCD	Investors Bank	n/a	7/21/14	7/21/16	249,000	249,000	0.70%	2%
TCD	Comenity Capital Bank	n/a	8/18/14	8/18/16	249,000	249,000	0.80%	2%
					\$3,724,000	\$3,724,000	0.65%	24%
US Treasury Notes								
Treas	1,000 - 3.13%	n/a	3/26/14	6/15/16	\$999,132	\$1,001,055	0.55%	7%
Treas	1,000 - 3.13%	n/a	8/4/14	9/30/16	\$1,007,134	\$1,007,734	0.64%	7%
					\$2,006,265	\$2,008,789	0.60%	13%
Federal Agency Securities								
FFCB	0.67% MTN	n/a	9/15/14	10/28/16	\$510,659	\$509,952	0.67%	3%
Corporate Medium Term Notes								
MTN	General Electric	AA+	1/29/13	10/9/15	\$1,001,518	\$1,003,840	0.70%	7%
MTN	Toyota Motor Credit	AA-	5/14/13	7/17/15	1,002,958	1,004,258	0.51%	7%
					\$2,004,477	\$2,008,098	0.60%	13%
Other								
Agency	Marin Co Treasury	AA+	Various	Open	\$528,095	\$528,095	0.22%	3%
Bond	Olema G.O. Bond	A+	5/31/91	1/1/15	3,917	4,109	5.00%	0%
Other	Various	n/a	Various	Open	807,287	807,287	0.50%	5%
TOTAL IN PORTFOLIO					\$15,226,983	\$15,234,298	0.47%	100%

Weighted Average Maturity = **255 Days**

LAIF: State of California Local Agency Investment Fund.

MTN: Medium Term Note - Maturity of 5 years or less.

TCD: Time Certificate of Deposit

FFCB: Federal Farm Credit Bank

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, 2014.

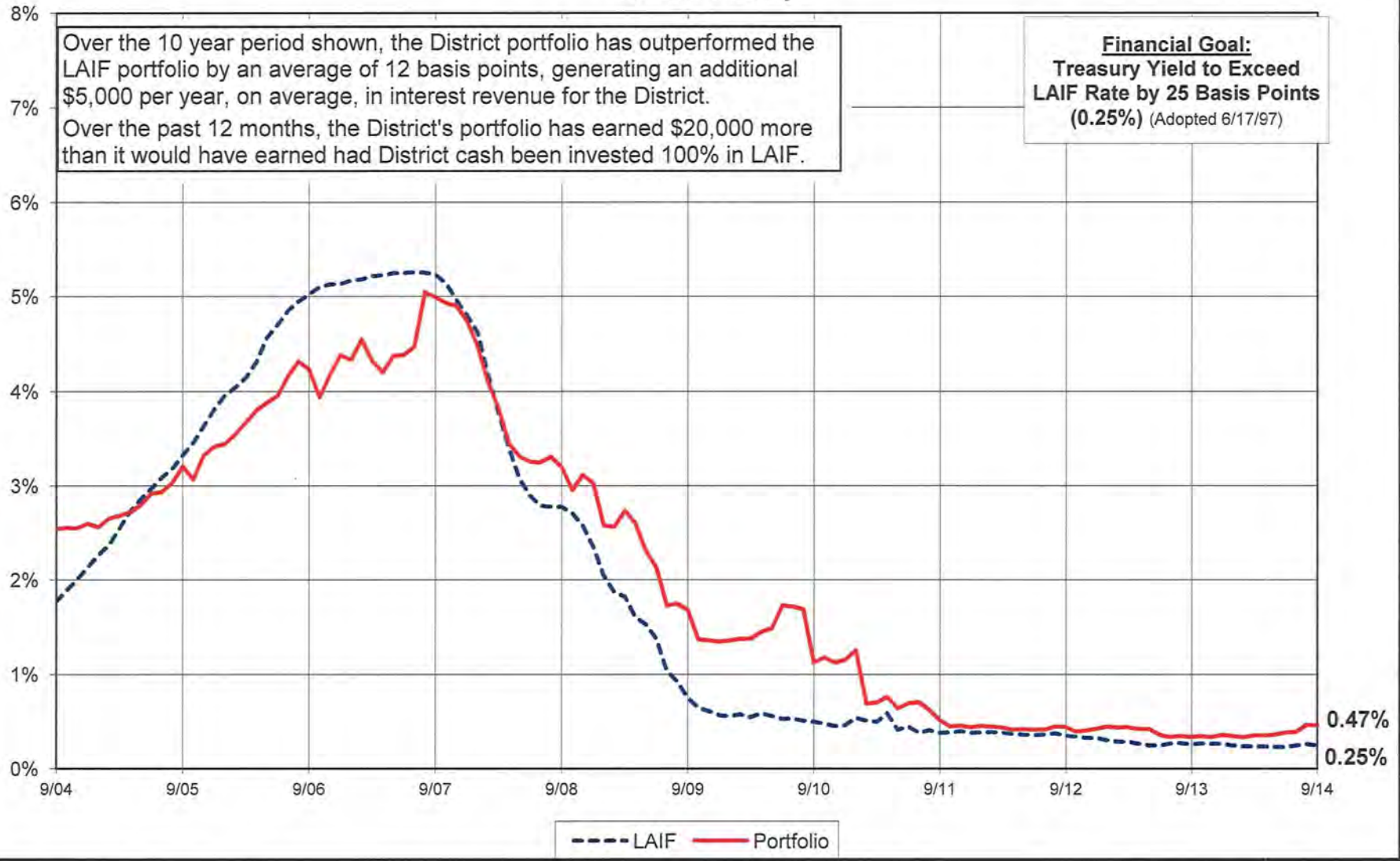
Interest Bearing Loans	Loan Date	Maturity Date	Original Loan Amount	Principal Outstanding	Interest Rate
Black Point Partners-BPGL	6/30/06	2/28/24	\$3,612,640	\$2,104,260	2.40%
Employee Housing Loans (7)	Various	Various	1,249,200	1,249,200	Contingent
Employee Computer Loan (1)	Various	Various	3,000	339	1.46% (avg)
TOTAL INTEREST BEARING LOANS			\$4,864,840	\$3,353,799	

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

NMWD Portfolio Rate of Return State of CA Local Agency Investment Fund vs District Portfolio 10-Year History

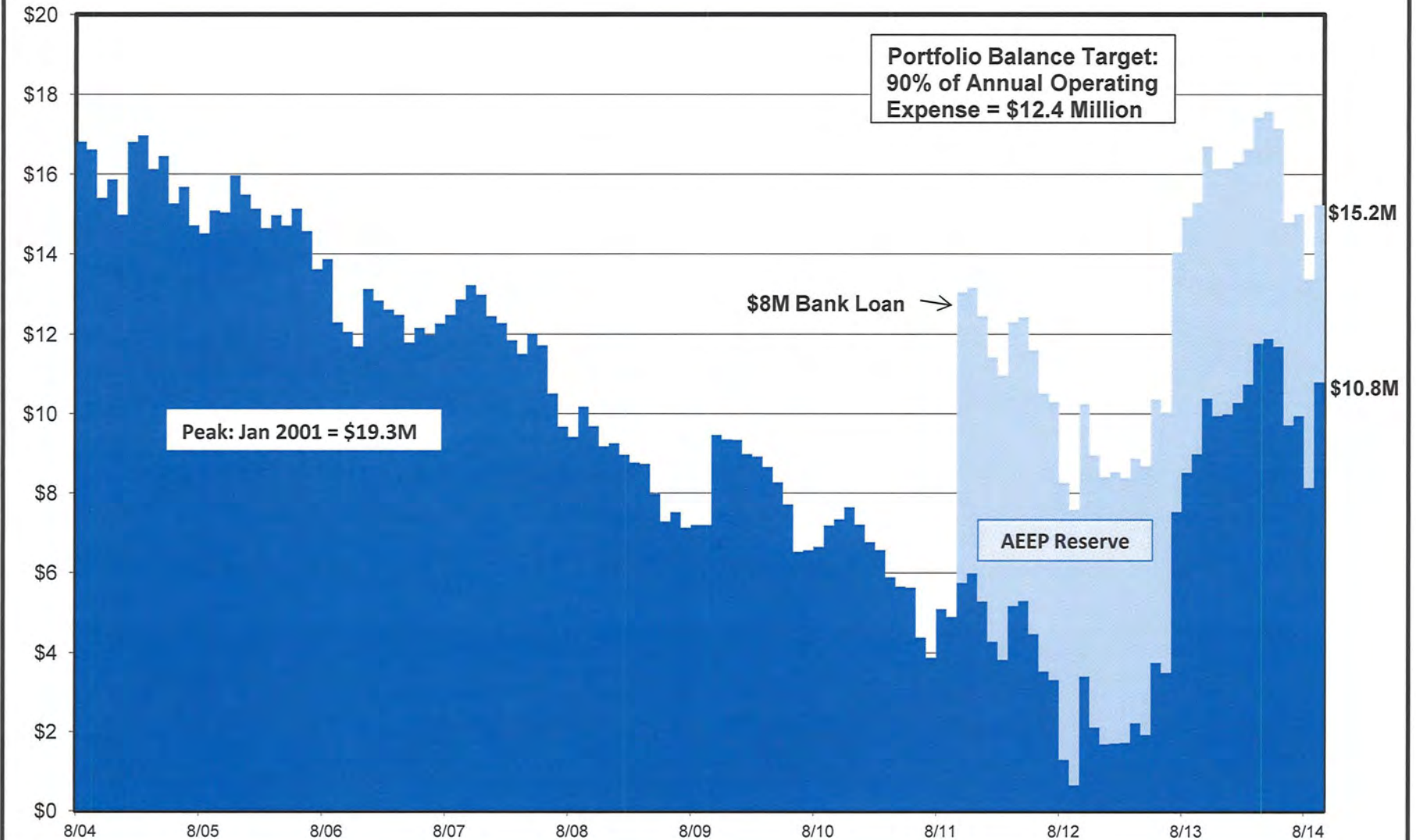
Over the 10 year period shown, the District portfolio has outperformed the LAIF portfolio by an average of 12 basis points, generating an additional \$5,000 per year, on average, in interest revenue for the District.
Over the past 12 months, the District's portfolio has earned \$20,000 more than it would have earned had District cash been invested 100% in LAIF.

Financial Goal:
Treasury Yield to Exceed
LAIF Rate by 25 Basis Points
(0.25%) (Adopted 6/17/97)



NMWD Portfolio Balance 10-Year History

Million



8

MEMORANDUM

To: Board of Directors

October 17, 2014

From: David L. Bentley, Auditor-Controller

Subj: Approve Auditor-Controller's Statement of Investment Policy

\\nmwdsrv1\administration\aci\word\invest\15\policy memo 2015.docx

RECOMMENDED ACTION: Approve the Investment Policy as Presented.**FINANCIAL IMPACT:** None

Following is the District's Statement of Investment Policy which is presented to the Board annually for review. There are no changes in this investment policy from that approved by the Board last year.

North Marin Water District Statement of Investment Policy

1) Investment of sinking fund or reserve money of the North Marin Water District shall be made in securities in which North Marin Water District is legally empowered to invest such funds in accordance with Section 53601 of the Government Code, taking into consideration the probable income as well as the probable safety of said funds, exercising the judgment and care, under the circumstances then prevailing, which individuals of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of said funds.

2) As far as possible, all money shall be deposited for safekeeping in financial institutions insured by the Federal Deposit Insurance Corporation or may be invested as provided in Section 53635 of the Government Code.

3) Money may be invested in the Local Agency Investment Fund in accordance with Section 16429.1 of the Government Code.

4) A minimum of 20% of the District's investment portfolio shall remain liquid (i.e., in demand deposit accounts or equivalent) at all times. In addition, the weighted average life of the portfolio shall not exceed 2½ years.

5) No investments shall be made in financial futures or financial option contracts that are otherwise allowed pursuant to Section 53601.1 of the Government Code except that the District may sell option contracts against securities owned or positions owned by the District.

6) Interest earned through investment of the pooled District treasury shall be credited to the various water, sewer, and reserve account funds in direct proportion to their percentage of the total District treasury.

7) Accounts shall be maintained in North Marin Water District accounting records to record the reserve and inactive funds invested at all times in accordance with the State Controller's chart of accounts as authorized by Section 53891 of the Government Code.

8) Reserve fund account balances shall be maintained separately and shall reflect at all times the balance in each reserve fund in a manner consistent with generally accepted accounting practices.

9) Depositories having custody of North Marin Water District funds shall be directed to forward copies of all correspondence concerning North Marin Water District funds to the

Approved by GM LDDate: 10/17/2014

Auditor-Controller of North Marin Water District. In the Auditor-Controller's absence, the General Manager of the District shall serve as Treasurer. In addition to the Auditor-Controller, the General Manager and a Senior Accountant shall be signatories on all investment accounts maintained by the District. Banking Institutions shall require authorization from two signatories to execute any non-recurring wire transfer.

10) Verification that moneys have been on deposit at all times and collateralized in amounts equal to or in excess of funds designated by the Board of Directors as reserve funds shall be made in the annual audit of records.

11) The Auditor-Controller shall render a monthly investment report to the Board.

12) Criteria for selecting investments and the absolute order of priority shall be: (a) safety, (b) liquidity, (c) yield.

13) No more than two-thirds of District deposits in a depository shall be collateralized by mortgage backed securities, with the remainder to be backed by non-mortgage backed securities.

14) The Auditor-Controller shall maintain a list of authorized broker/dealers who are approved for investment purposes. All authorized broker/dealers must certify that they have received and read the District's Investment Policy and will follow the guidelines therein, and must submit a copy of their firm's most recent audited financial statement annually. Staff shall investigate broker/dealers who wish to do business with the District to verify their experience with California public sector agencies, verify that they are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission or other applicable self-regulatory organizations.

RECOMMENDATION

Approve the Investment Policy as presented.

9

MEMORANDUM

To: Board of Directors

October 17, 2014

From: Ryan Grisso, Water Conservation Coordinator *RG*Subject: Approve Text for West Marin *Water Line*, Volume 13

W:\Memos to Board\Summer 2014 WM WaterLine Text 0814.doc

RECOMMENDED ACTION: Approve Fall 2014 West Marin "*Water Line*"**FINANCIAL IMPACT:** \$2,000 (included in proposed WM FY 2014/2015 Budget)

Text for the West Marin Fall 2014 "*Water Line*", Volume 13 (Attached), is enclosed for your review and approval. This issue includes a message from the General Manager advising customers that normal flows have resumed in Lagunitas Creek and water use restrictions are no longer in effect, an update on the Gallagher Pipeline Project, and advertisements for water conservation programs offered by NMWD. Should any Board member have individual comments please provide them to the General Manager at the Board meeting on October 21, 2014. It is expected the Fall 2014 West Marin "*Water Line*" will be mailed in Early November 2014.

RECOMMENDATION

Board authorize the General Manager to approve final text and design of the West Marin Fall 2014 "*Water Line*", Volume 13.

Approved by GM *GD*Date: *10/17/2014*



**NORTH MARIN
WATER DISTRICT**

THE WATER LINE

WEST MARIN'S WATER CONSERVATION NEWSLETTER • VOLUME 13 • FALL 2014

Normal Flow in Lagunitas Creek

Water Use Restrictions No Longer in Effect

NMWD water supply for our West Marin customers is diverted from shallow wells adjacent to Lagunitas Creek near the U.S. Coast Guard Housing Facility in Point Reyes Station. Flow in Lagunitas Creek this summer was 25% below normal.

Beginning November 1st, Lagunitas Creek flow returns to normal.

This was the first summer in which NMWD operated the West Marin Water System with such low creek flow and without the Giacomini Ranch summer dam to prevent salinity intrusion into the water supply.

A mandatory 25% reduction in water use was in place from July 1st through October 31st. Water consumption in August and September, 2014 was down 24% compared to the same period in 2013. And we did learn and accomplish several important things. First, several NMWD and customer leaks were identified and repaired, which means that maintenance of the system, not only by NMWD, but by consumers is vital to conserving water. Second, Lagunitas Creek flow in Point Reyes Station consistently remained above the minimum 6cfs required to be

maintained by Marin Municipal Water District at Samuel P. Taylor State Park. Finally, salinity intrusion in the Point Reyes Supply did not become apparent until early fall and sodium levels stayed



below any public health concern.

At this point, the drought continues, yet water use restrictions are no longer in effect. We don't know what this year's rainfall will provide for West Marin water supply, but we do know that by working together we can make it through Dry Year conditions on Lagunitas Creek.

Thank You!

NMWD customers are encouraged to continue using water efficiently and to participate in NMWD Water Use Efficiency Programs described elsewhere in this *Water Line*.

Gallagher Pipeline Project

North Marin Water District (NMWD) received a \$1.5M grant from the state of California in February 2014 for NMWD's long planned Gallagher Well Pipeline project to improve water quality for our West Marin customers. The NMWD West Marin water service is area currently served from wells adjacent to Lagunitas Creek in Point Reyes Station. These drinking water supply wells are subject to periodic salinity intrusion from the adjacent Tomales Bay. NMWD has developed an additional well, upstream of any tidal influence and potential salinity intrusion from Tomales Bay on the Gallagher Ranch. The State grant award (equivalent to an amount of \$2,000 per customer) made it possible to move forward with this important project.

The Gallagher Well Pipeline Project is approximately 1-mile in length and connects the Gallagher Well to the existing Point Reyes water treatment plant. In April 2014, NMWD awarded the construction contract to Team Ghilotti Inc. Construction work began in early August and will be finished on or before December 31, 2014.

Smart move.

Water Smart Savings Program

Call (415) 761-8944 for program details or visit www.nmwd.com

North Marin Water District wants to help customers use water efficiently. That's why we've put all of our water saving promotions under one umbrella. The *Water Smart Savings Program* encompasses all you need to get started on saving water and saving money. Call (415) 761-8944 for program details or visit www.nmwd.com.



High-Efficiency Toilet Rebate

Don't flush money away. Now you can get a rebate when you replace your non-water-conserving toilets with a High-Efficiency Toilet (HET). HETs use 20% less water than standard ultra-low flush toilets, so not only will you save water, but you'll save money, too. HETs eligible for rebate must be EPA WaterSense models. Call for rebate values and participation details or visit www.nmwd.com.

Rainwater Harvesting and Graywater Rebate



Install a rainwater harvesting system, and District rebates may be available. Rainwater harvesting is the collection and storage of rainwater for reuse in landscape irrigation. Systems can range from simple catchment devices, such as rain barrels, to more complex systems, such as cisterns or storage tanks. Rebates are also available for greywater system installations. Pre-inspection and plan approval required. Call for participation details and rebate values.




999 Rush Creek Place
PO Box 146
Novato, CA 94948
(415) 897-4133

**NORTH MARIN
WATER DISTRICT**

www.nmwd.com

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Water Smart Landscape Efficiency Rebate

Water efficient landscapes can be achieved through a number of strategies including efficient irrigation devices and equipment, and soil maintenance.

You may be eligible for rebates (call for rebate amounts and participation details or visit www.nmwd.com) when you install District-qualified water-efficient landscape equipment including:

- Spray to drip irrigation conversions
- Weather Based Irrigation Controllers
- Multi-stream rotating sprinkler nozzles (for lawn areas only)
- Rain shut-off devices
- Mulch



Cash for Grass



As part of the Water Smart Savings Program, you can get cash back when you remove your regularly mowed and irrigated lawn and re-landscape with California native low-water use plants or District approved synthetic turf. Pre-inspection and re-landscaping plan approval required. Call for rebate values and complete program participation details or visit www.nmwd.com.



High-Efficiency Clothes Washer Rebate Program

High Efficiency clothes washers can save up to 50% of the water used and 65% of the energy used compared to conventional top-loading clothes washers. NMWD currently offers a rebate to customers when they purchase a qualifying high-efficiency clothes washer. Call for rebate value and participation details, or visit www.nmwd.com.

10

MEMORANDUM

To: Board of Directors
 From: Robert Clark Operations / Maintenance Superintendent *RC*
 Subj: Extension of Horizon CATV license Agreement
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October 17, 2014

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: \$3,941.28 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, 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, 2014 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 560 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, 2014 to October 31, 2016.

Annual adjustment to the agreement includes:

- Updated number of Horizon CATV customers is 508 in Pt. Reyes, Olema and Inverness and 63 in Dillon Beach. The basic cable rates are to \$59.95 in Pt. Reyes, Olema and Inverness and \$49.95 in Dillon Beach. The calculated fee is $(508 \times 59.95 \times 12 \times 0.01 = \$3,654.55)$ plus $(52 \times \$49.95 \times 12 \times .01 = \$286.73)$ for a total of \$3,941.28 for the period of November 1, 2014 through October 31, 2015.

Approved by GM LD

Date: 10/17/2014

11

MEMORANDUM

To: Board of Directors October 17, 2014
From: Robert Clark, Operations / Maintenance Superintendent *RAC*
Re: Approve Contract: Architectural Design of Lynwood Pump Station Motor Controls Structure

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RECOMMENDED ACTION: Authorize General Manager to Execute Agreement with Daniel Macdonald AIA Architects, Inc.

FINANCIAL IMPACT: \$18,000 (Budgeted FY14-15)

In FY 2008-09, staff budgeted for the purchase of four motor control center replacements for the Point Reyes Treatment Plant and the Trumbull, San Marin and Lynwood pump stations. With a discount incentive, these four systems were purchased through Siemens Inc., and the installation dates were spread out over the next few years. All have been installed with the exception of the Lynwood pump station system, and have provided more reliability in our operations. In 2010, District staff and Daniel MacDonald Architects completed a detailed construction design and bid process only to discover that the cost of the construction (\$295,000) was well beyond the proposed budget of \$55,000. The project was put on hold for two years while alternatives were reviewed. Staff revised the extent of construction, performed site investigations and determined that the proposed reuse of existing concrete structures could not be utilized due the proximity to underground water mains and storm drains.

Staff has once again asked Daniel Macdonald Architects to provide a modified design that will connect with the visual aesthetics of the Lynwood Pump Station site. The attached preliminary concept drawing allows for a lightweight structure while maintaining consistent visual continuity at the site. The scope of work for this design contract includes preliminary design, presentation drawings, construction documents and construction administration, for a cost not to exceed \$18,000. Along with these architectural designs, staff will provide structural, electrical and landscape designs for the construction phase of the project.

In order to maintain a cost-effective project, District staff will perform electrical work in preparation of the foundation and underground work, contract with a local carpenter already performing work for the District, and bid any architectural detail work in the new design. The current fiscal year budget for this project is \$90,000, with \$45,500 already spent on site work,

equipment purchases and PG&E design fees. Staff will develop a cost estimate to complete the project and inform the Board if any budget adjustment will be necessary to complete the project.

RECOMMENDATION

Authorize General Manager to execute an agreement with Daniel Macdonald AIA Architects, Inc.



Daniel Macdonald AIA Architects, Inc.

1595 Grant Avenue Suite 200 Novato California 94945 (415)899-0050 FAX(415)899-0055

30 September 2014

Robert E. Clark
Operation/Maintenance Superintendent
North Marin Water District
999 Rush Creek Place
P.O. Box 146
Novato, California 94948

Subject: **Owner/Architect Agreement
North Marin Water District
Lynwood Pump Station Addition Modifications**

Dear Robert,

Thank you for the opportunity to submit this *Owner/Architect Agreement* for architectural services in regard to new:

**North Marin Water District
Lynwood Pump Station Addition Modifications
Novato, California**

Description

- A. For the purposes of this Agreement the parties shall be as follows:
Architect: *Daniel Macdonald AIA Architects, Inc. (DMAIA)*
Owner: *North Marin Water District (NMWD)*
- B. The scope of work is based on our meeting of 25 September and the preliminary design sketch by DMAIA entitled "Lynwood Pump Station Renovation Material Study."
- C. The intent of this agreement is for the Architect to provide the following Basic Services:
 - Preliminary design
 - Presentation drawings (OPTIONAL)
 - Construction documents
 - Bid phase services (OPTIONAL)
 - Construction administration
- D. Once the preliminary design is complete the Architect shall solicit proposals for electrical and structural engineering services with the approval of the Owner.
- E. Structural engineering; mechanical, electrical plumbing engineering (MEP); survey; geotechnical engineering; civil engineering and landscape architecture are NOT a part of this Agreement and if required shall be contracted directly with the Owner.
- F. The Owner shall supply the following to the Architect:
 - 1. Current and complete topographical survey delineating all boundaries, grades, easements, streets, utilities or other information as may be necessary for Architect's use.
 - 2. Current and complete geotechnical report as may be necessary for Architect's use.

G. This agreement does NOT include cost estimating.

More specifically the Architect agrees to perform the following Basic Services:

Scope of Work

Task 1: Preliminary Design

- A. Review of Owner criteria and program requirements; consultation.
- B. Site visit to become familiar with and photograph various aspects of the existing conditions.
- C. Architect shall meet with Owner, to discuss and coordinate project.
- D. Architect shall provide design ideas and sketches to Owner for feedback and/or approvals.

Task 2: Presentation Drawings (OPTIONAL)

- A. Upon Owner's approval of Preliminary Design drawings, Architect shall provide Presentation Drawings for submittal to NMWD Board of Directors and/or neighborhood groups, as Owner may desire. Drawings shall include the following:
 - 1. Colored Site Plan
 - 2. Colored Exterior Building Elevations
 - 3. Colored 3-D Rendering (one) of project.

Task 3: Construction Documents

- A. Based upon the scope of work delineated in the preliminary design documents, the Architect shall provide the following Construction Documents and Specifications for the project:

Architectural

(Structural Engineering; Mechanical, Electrical, Plumbing Engineering (MEP); Civil Engineering; Surveying; Geotechnical Engineering; Landscape Architecture; and all other design professionals, engineers, and consultants shall be contracted directly by Owner.)

Task 0: Permit Processing (N/A)

NOT A PART OF THIS AGREEMENT SINCE NMWD IS EXEMPT FROM OBTAINING BUILDING PERMITS FOR THIS PROJECT (according to meeting with NMWD staff)

Task 4: Bid Phase (OPTIONAL)

- A. The Architect shall issue Bid Documents to General Contractors.
- B. The Architect shall assist the Owner in bid validation and determination of the successful bidder, if any.

Task 5: Construction Administration

- A. Clarification of Construction Documents as requested by Owner or General Contractor.

Owner - Architect Agreement

- B. Review of shop drawings and submittals. The Architect shall review and approve or take other appropriate action on the Contractor's submittals, such as shop drawings or other data, which the Contractor is required to submit, but only for the limited purpose of checking for conformance with the design concept and the information shown on the Construction Documents. This review shall not include review of the accuracy or completeness of details, quantities, dimensions, weights or gauges, fabrication processes, construction means or methods, coordination of the work with other trades, or construction safety precautions, all of which are the sole responsibility of the Contractor. The Architect's review shall be conducted with reasonable promptness while allowing sufficient time in the Architect's judgment to permit adequate review. Review of a specific item shall not indicate that the Architect has reviewed the entire assembly of which the item is a component. The Architect shall not be responsible for any deviations from the Construction Documents not brought to the attention of the Architect in writing by the Contractor. The Architect shall not be required to review partial submissions or those for which submissions of correlated items have not been reviewed.
- C. The Architect shall respond to Change Orders (CO's), Requests for Clarification (RFC) and Requests for Information (RFI) from the General Contractor.
- D. Fees for Construction Administration are estimated for the following amount of man-hours over an eight (8) week construction schedule. However, it is the intent that the Architect shall be compensated on an hourly basis for work performed under this task.

<i>Personnel</i>	<i>Hours per week</i>	<i>Total Hours</i>
Principal	0.5	4
Projects Director	2	16
Draftsperson / Admin	1	8

Schedule

- A. The Owner and Architect are aware that many factors outside the Architect's control may affect the Architect's ability to complete the services to be provided under this Agreement. The Architect's services shall be performed as expeditiously as is consistent with professional skill and care and the orderly progress of the work. The Owner agrees that the Architect is not responsible for damages arising directly or indirectly from any delays for causes beyond the Architect's control. For purposes of this Agreement, such causes include, but are not limited to, strikes or other labor disputes, weather disruption, national disasters, fires, riots, war or other emergencies, acts of God, failure of any governmental agency to act in a timely manner, failure of performance by the Owner or the Owner's contractor's or consultants, or discovery of any hazardous substances or differing site conditions. If the delays resulting from any such causes increase the cost or time required by the Architect to perform its services in an orderly and efficient manner, the Architect shall be entitled to an equitable adjustment in the schedule and/or compensation.
- B. Based upon Owner's timely approval process and the timely progress of work by all consultants, it is estimated that the time frame for Task 1 shall be two (2) weeks from the date of approval of final Owner-Architect Agreement and Architect's receipt of all materials to be supplied by Owner. Task 2 is estimated at two (2) weeks and Task 3 is estimated at four (4) weeks.

Owner - Architect Agreement**Compensation**

- A. See attached Architect's Hourly Rate Schedule (Exhibit A). Hourly Rate Schedule may be revised on an annual basis.
- B. Compensation shall be on a fixed fee or hourly basis as estimated below:

	<i>Principal</i>	<i>Projects Director</i>	<i>Project Architect</i>	<i>CAD Draftsperson</i>	<i>Total Hours</i>	<i>Estimated Fee</i>
Task 1: Preliminary Design (Hourly Estimate)	2	12	8	12	34	\$4,064
Task 2: Presentation Drawings (OPTIONAL)	1	4	6	12	23	2,586
Task 3: Construction Documents (Fixed Fee)	2	24	0	40	66	7,368
Task 4: Bid Phase (OPTIONAL)	2	2	0	0	4	624
Task 5: Construction Administration (Hourly Estimate)	4	16	0	8	24.5	2,970

Billings

- A. The Architect's fees shall be billed monthly as the work progresses. All amounts invoiced shall be due and payable upon receipt. Any unpaid balances shall accrue late charges of 1-1/2% (one and one half percent) per month or the highest rate allowed by law, whichever is lower, commencing thirty (30) calendar days after the date of invoice, and shall be payable without further action by Architect. Owner agrees to notify Architect in writing within thirty (30) calendar days of the date of the invoice should Owner take exception to or dispute any charges on the invoice. If notification is not received by Architect within thirty (30) calendar days, Owner thereafter waives any objection to the invoice which is payable in full. All payments should be remitted to the address indicated on the invoice.

Electronic Requirements

- A. Preliminary and/or presentation documents may be produced either by hand or on computer at the Architect's discretion.
- B. Documents may be produced on AutoCAD or other CADD system (system chosen at Architect's discretion) compatible with Architect's existing in-house computer system.
- C. At the completion of the project and at the request of the Owner, the Architect shall supply the Owner with PDF electronic files of documents. AutoCAD files shall remain the sole property of the Architect.

Other Provisions

- A. Additional Services. Additional Services are services that are not considered Basic Services and are hereby excluded from the scope of services in this Agreement. The Owner and Architect agree to the list of services the Architect will provide as listed under the Basic Services. If agreed

Owner - Architect Agreement

to in writing by the Owner and Architect, the Architect shall provide Additional Services. Additional Services are not included as part of Basic Services and shall be paid for by the Owner in addition to the payment for Basic Services, in accordance with the Architect's prevailing fee schedule. Additional Services may include, but are not limited to, preparation of documents for bid alternates, responding to contractor-initiated requests for substitutions, more extensive construction observation services, advising on cost or budget issues, services resulting from changes in scope or magnitude of the project, redesign services requested to accommodate particular construction materials, methods, or sequences, services resulting from corrections or revisions required because of deviations from the Contract Documents during construction by the Contractor, services necessitated by fire or other damage to the construction, or services requested after either acceptance or approval of the project by the Owner.

- B. Exclusions. Architect's services are limited to those identified as Basic Services. Among other things, such Basic Services do not include:

- Survey
- Civil or site engineering
- Landscape architecture
- Structural engineering
- Mechanical, electrical plumbing engineering (MEP)
- Fire sprinkler engineering
- Fire alarm system engineering
- Geotechnical (soils) engineering
- Environmental Graphic Designer / Signage Design (or similar)
- Asbestos, toxic or hazardous waste investigations
- Environmental impact reports
- Cost estimating
- Models

- C. Reimbursable Expenses. Normal reimbursable expenses are not a part of the Fixed Fee and shall be billed at cost plus 10% (ten percent) and shall include: extra or additional consultant services; airline fares; accommodations; meals; rental cars; printing; packaging; mailing; shipping; automobile mileage; photography; telephone calls; FAX transmittals; etc. Also included as reimbursable are any government agency processing fees; permit fees; plan check fees; etc.
- D. Instruments of Service. The Drawings, Specifications and other documents, either hard copy or electronic, prepared by the Architect for this project are instruments of the Architect's service for use solely with respect to this project and, unless otherwise provided, the Architect shall be deemed the author of these documents and shall retain all common law, statutory and other reserved rights, including the copyright. The Owner shall be permitted to retain copies, including reproducible copies, of the Architect's documents for information and reference in connection with the Owner's use and occupancy of the project. The Architect's documents shall not be used by the Owner or others on other projects, for additions to this project or for completion of the project by others, except by agreement in writing and with appropriate compensation to the Architect.
- E. Termination. This agreement may be terminated upon ten (10) days written notice by either the Owner or Architect should either party fail to perform his obligations hereunder. If the Owner fails to make payment to Architect for services, Architect may, upon fourteen (14) days written notice to Owner, suspend performance of the services under this Agreement. In the event of suspension of the services, Architect shall have no liability to Owner for delay or damage incurred by Owner because of such suspension of services. In the event of termination, within thirty (30) days of termination the Owner shall pay the Architect for all services rendered and costs incurred up to the date of termination, all reimbursable expenses and reimbursable termination expenses.
- F. Limitation of Liability. Owner and Architect have discussed the risks and benefits associated with

Owner - Architect Agreement

this project as well as Architect's fee for services. Owner and Architect agree that to the fullest extent permitted by law, except for circumstances caused by the willful misconduct of Architect, all claims for damages of any kind arising out of the services furnished under this Agreement and any change orders or addenda to this Agreement, including attorneys' fees and costs, asserted against Architect by Owner (including Owner's officers, directors, employees, members, agents, architects, engineers, consultants, contractors, or subcontractors) including claims against Architect's directors, officers, shareholders, principals, employees and agents, are limited to the total invoiced dollar value of the services provided by Architect under this Agreement and paid by the Owner but in no event shall Architect's liability exceed the amount of Architect's available insurance policies. Architect is not responsible for any special, incidental, indirect, or consequential damages (including loss of profits) incurred by Owner as a result of Architect's performance or nonperformance of services. Said limitations shall apply regardless of the legal bases for the claim including but not limited to claims based on breach of contract, professional or ordinary negligence, or breach of warranty. Owner agrees to defend and indemnify Architect against any claim, demand, or lawsuit by any third party for damages in excess of the amount set forth in this Limitation of Liability provision.

- G. Standard of Care. Architect warrants that Services under this Agreement shall be in accordance with the usual and customary standard of care observed by similar Architects that are performing similar Services on similar projects at the same time and in the general location as the project defined under this Agreement. No other warranty, expressed or implied in this Agreement or other, shall be binding on Architect.
- H. Waiver. No waiver of any provision of this agreement or consent to any action shall constitute a waiver of any other provision of the agreement or consent to any other action. No waiver or consent shall constitute a continuing waiver or consent, or commit a party to provide a future waiver, unless such provision is expressly set forth in writing. Any waiver given by a party shall be void if the party requesting such waiver has not provided a full and complete disclosure of all material facts relevant to the waiver requested.
- I. Severability. If a court of competent jurisdiction finds any provisions in this agreement to be invalid, illegal, or otherwise unenforceable, that determination will not affect any other provision of this agreement. The invalid portion will be severed from this agreement and all remaining provisions will continue to be enforceable by its terms and of full force and effect.
- J. Dispute Resolution. If any dispute arises out of or relates to this Agreement, or the breach thereof, the parties agree then to first submit the matter to non-binding mediation, under either the Construction Industry Rules of the American Arbitration Association (AAA) or J.A.M.S., before having recourse to a judicial forum. No written or oral representation made during the course of any settlement negotiations or mediation shall be deemed a party admission. This provision shall not limit the ability of Architect to record a mechanics lien or design professional lien and an action thereon where appropriate. Either party may initiate the mediation process by giving written notice concurrently to the other party and to either AAA or J.A.M.S. If a party receiving notice of a demand for mediation does not agree in writing within ten (10) days to participate in a mediation then the party demanding mediation may after giving three (3) days written notice declare the mediation process unsuccessful and initiate an action in superior court. In the event mediation fails to resolve the dispute within sixty (60) days or a longer time if agreed to by Architect and Owner, Architect and Owner agree that the dispute shall be resolved in the Superior Court of the State of California, Marin County.
- K. Choice of Law. This agreement will be governed by and construed under the laws of the State of California. .
- L. Third Party Beneficiaries / Parties In Interest. This agreement has been made and is made solely for the benefit of Owner and Architect and their respective successor and permitted assigns.

Owner - Architect Agreement

Nothing in this agreement is intended to confer any rights or remedies under or because of this agreement on any persons other than the parties to it and their respective successors and permitted assigns. Nothing in this agreement is intended to relieve or discharge the obligation or liability of any third persons to any party to this agreement.

- M. Authority of parties / Signatories. The undersigned persons represent that they are authorized and have legal capacity to enter into this agreement.
- N. Assignment, Successors, and Assigns. The Owner and Architect, respectively, bind themselves, their partners, successors, assigns and legal representatives to the other party to this agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this agreement. Neither Owner nor Architect shall assign this agreement without written consent of the other.
- O. This Agreement, together with any Exhibits hereto, constitutes the entire and integrated agreement between the Owner and Architect and supersedes all prior negotiations, representations or agreements, either written or oral. This agreement may be amended only by written instrument signed by both Owner and Architect.

If this Agreement meets with your approval, please sign both copies of this Agreement, maintain one for your records, and return the original to this office.

Sincerely,

 Daniel Macdonald AIA NCARB
 President
 California License: C12671

Date

Accepted and approved:

Authorized signature

Date

Printed name and title

Encl: Exhibit A: Architect's Hourly Rate Schedule

EXHIBIT A

1 June 2014 (Effective Date)

Hourly Rate Schedule

Principal	\$ 180.00 per hour
Projects Director	\$ 132.00 per hour
Project Architect	\$ 121.00 per hour
Senior Project Manager	\$ 121.00 per hour
Project Manager	\$ 96.00 per hour
CAD Draftsperson	\$ 96.00 per hour
Bookkeeper	\$ 96.00 per hour
Administration	\$ 75.00 per hour
Office Assistant	\$ 43.00 per hour

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MEMORANDUM

To: Board of Directors
From: David L. Bentley, Auditor-Controller
Subj: Cyber Liability Consultant
t:\aclword\it\cyber liability consultant bod memo.docx

October 17, 2014

RECOMMENDED ACTION: Approve**FINANCIAL IMPACT: \$12,500 Expense**

The current budget includes \$14,000 to conduct a "cyber liability" audit of the District's internet and computer security systems in response to the growing volume of on-line payments and website activity, and the District's growing dependence on its SCADA system. A presentation to Bay Area Water Agencies given last February by a partner of an international law firm who specializes in defending claims pertaining to cyber security and data breach recommended the purchase cyber liability insurance coverage. The District purchased a \$1 million cyber liability policy effective last July 1, at a cost of \$8,244. Of concern, while shopping for the insurance coverage, a prominent carrier declined to insure the District based upon their assessment of weakness in several areas of the District's practices and systems.

We approached the law firm partner for a recommendation on a consultant to audit the District's systems and practices, so that areas of vulnerability can be identified, analyzed and strengthened. The firm NetDiligence was recommended. In interviewing the principals we learned that one of their technical staff has water district experience in working with SCADA systems - a definite plus.

The plan is to conduct a detailed analysis of the District's systems based on the International Organization for Standardization (ISO) standards developed for network security and cyber risk (ISO 27002). Through a detailed questionnaire, working with the information technology (IT) consultant who manages the District's day-to-day IT needs, we will benchmark NMWD's practices against recognized security practices.

Once the District's shortcomings are identified, the consulting agreement includes time to explore solutions (both hardware and policies) that are appropriate for the District's size and budget.

Recommendation:

Authorize staff to enter into a consulting agreement with NetDiligence to conduct a cyber risk assessment and make recommendations pertaining to the District's IT systems for a fee of \$12,500.

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MEMORANDUM

To: Board of Directors

October 17, 2014

From: Chris DeGabriele, General Manager 

Subj: Resolution Supporting Fresh Water Flows in the San Francisco Bay Delta Estuary

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RECOMMENDED ACTION: Consider Adopting a Resolution Regarding Ecosystem Health and the Need for Fresh Water for the San Francisco Bay-Delta Estuary

FINANCIAL IMPACT: None at this time

At the August 5th Board of Directors meeting, the Board received an informational item on the Friends of the San Francisco Estuary and their focus on Fresh Water Flows in the San Francisco Bay Delta Estuary. At that meeting, Director Fraites requested that the board see the resolutions adopted by various entities to-date supporting the Friends of the Estuary Fresh Water Flows. Those resolutions were included in the August 19 Board Agenda packet, along with a spreadsheet comparing the various provisions in the various adopted Fresh Water Flows Resolutions.

The consensus of the Board at the August 19 meeting was for Director Fraites and Director Petterle to draft a resolution with Mr. DeGabriele's input, to be brought back for further discussion and action. That draft resolution is included as Attachment 1 with the strike out/underline changes recommended by the General Manager.

I attended the Friends of the San Francisco Estuary ½ day conference on the role of fresh water in the Bay-Delta Estuary on Wednesday, September 24. It was very informative and local Marin and Sonoma Supervisors (Kinsey and Gorin) participated (see Agenda, Attachment 2). I continue to believe this is an awfully complex topic outside of NMWD's geographic region, expertise or influence. That complexity is exhibited in the handouts retrieved from the conference (Attachment 3).

RECOMMENDATION:

Consider adopting the Attached Resolution.

DRAFT

RESOLUTION 14-XX

RESOLUTION OF THE BOARD OF DIRECTORS OF
NORTH MARIN WATER DISTRICT
REGARDING ECOSYSTEM HEALTH AND THE NEED FOR FRESH WATER
FOR THE SAN FRANCISCO BAY-DELTA ESTUARY

WHEREAS, North Marin Water District supplies water to portions of Marin and Sonoma counties; and

WHEREAS, Marin and Sonoma counties are known for their rich environmental resources and agricultural heritage. Protecting natural resources reduces flooding, water pollution, draws visitors and supports recreation uses. Both Marin and Sonoma counties have critical interest in the health of the San Francisco Bay-Delta Estuary; and

WHEREAS, at 75,000 square miles, the San Francisco Bay-Delta Estuary watershed is the largest on the West Coast and drains nearly 40 percent of California's land area, provides drinking water to nearly two-thirds of the state's population, and supplies irrigation water to four million acres of farmland. Although significantly altered since 1850, the Estuary still supports hundreds of fish, wildlife, and plant species, many found nowhere else on earth: Almost two-thirds of the state's salmon travel through the Estuary; almost half of the migratory birds on the Pacific Flyway pass by the Golden Gate or stop in San Francisco Bay's remaining wetlands; and

WHEREAS, the San Francisco Bay and the Sacramento-San Joaquin River Delta area at risk from many factors, and the State and Federal governments are proposing large-scale changes to address these factors, including new water conveyance through and around the Delta to address state-wide water supply needs, changes to the Bay-Delta ecosystem to address declining ecosystem health and fish populations, and changes to land use authority within the Delta; and

WHEREAS, Bay-Delta counties, local agencies, and other impacted entities need a meaningful decision-making role in these proposed changes; and

WHEREAS, California's State Water Resources Control Board Resolution No. 2010-0039 approved a report determining new flow criteria for the Delta ecosystem that are necessary determined in 2010 that, in order to protect public trust resources in the Sacramento-San Joaquin Bay Delta ecosystem. That report determined that the best available science suggests that current flows are insufficient to protect public trust resources and identifies flows that would be needed in the Delta ecosystem if fishery protection was the sole purpose for which its' waters were put to beneficial use; and

WHEREAS, in order to preserve the attributes of a natural variable system to which native fish species are adapted, many of the criteria developed by the State Water Resources Control Board are crafted as percentages of natural or unimpaired flows. These criteria include determining that, 75 percent of unimpaired runoff from the Sacramento-San Joaquin watershed should flow out of the Delta and into the Estuary during the critical winter and spring periods. In contrast, from 2000 to 2009 on average only 45 percent of estimated unimpaired inflow was actually received into the estuary during these seasons; and

WHEREAS, the Association of Bay Area Government/San Francisco Estuary Partnership's 2011 State of the Bay report also indicates that limited freshwater inflows are having a negative impact on the greater San Francisco Bay-Delta Estuary, and finds that fish abundance and diversity are declining in all regions of the Bay except near the Golden Gate; and

WHEREAS, North Marin Water District recognizes the need for joint action and advocacy on Bay-Delta Estuary-related issues.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the North Marin Water District hereby expresses its interest in the on-going Bay-Delta planning process of the Delta Stewardship Council, the Bay Delta Conservation Plan, and the State Water Board's Delta planning and regulatory efforts.

* * * * *

I hereby certify that the foregoing is a true and complete copy of a resolution duly and regularly adopted by the Board of Directors of NORTH MARIN WATER DISTRICT at a regular meeting of said Board held on the day of October 21, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

Katie Young, District Secretary

North Marin Water District

(SEAL)

Bay+Delta+Water : Better Together

A Conference on Fresh Water in Our Bay-Delta Estuary

WEDNESDAY, SEPTEMBER 24, 2014

9:00am-12:45pm

AGENDA

8:30-9:00 am

Registration / coffee & pastries

9:00 am

Welcome

Wade Harper, Mayor, City of Antioch

9:05-10:15 am

Session 1: Why Do We Need Freshwater Flows?

Introduction

Julie Pierce, President, Association of Bay Area Governments (ABAG), and Councilmember, City of Antioch

Keynote Address

George Miller, Congressman

Speakers

Tina Swanson, Director, Natural Resources Defense Council Science Center
Russell van Löben Sels, CFO, Amistad Ranches and Esperanza Enterprises

Q&A

10:15-10:30 am

Break

10:30-11:30 am

Planning for a (non-)Rainy Day

Introduction

Dave Pine, Supervisor, San Mateo County

Delta Reform Act and Current Planning Processes

Randy Fiorini, Chair, Delta Stewardship Council

Moderated Panel: What Should be Done?

Moderator: John Coleman, President, Association of California Water Agencies (ACWA), Bay Planning Coalition Executive Director, and East Bay Municipal Utilities District (EBMUD) Boardmember

Delta Planning Relationships

● CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE

Ensures state's food safety, protection of state's agriculture from invasive species, and promotes California agricultural industry.

● CALIFORNIA EMERGENCY MANAGEMENT AGENCY

Coordinates overall state agency response to major disasters in support of local governments.

● CALIFORNIA NATURAL RESOURCES AGENCY

Protects historical, natural and cultural sites, monitors and controls state lands and waterways, and regulates fish and game use.

● CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE

Maintains native fish, wildlife, plant species and natural communities for their intrinsic and ecological value and their benefits to people.

● CALIFORNIA DEPARTMENT OF PARKS AND RECREATION

Manages California's state parks.

● CALIFORNIA DEPARTMENT OF WATER RESOURCES

Responsible for State of California's management and regulation of water usage. State lead for environmental review of BDCP. Lead agency for flood emergency response.

CENTRAL VALLEY FLOOD PROTECTION BOARD

Manages flood control along Sacramento and San Joaquin rivers and tributaries in cooperation with USACE.

● DELTA PROTECTION COMMISSION

Established 1992 and reorganized by 2009 Delta Reform Act as a 15-member planning and regulatory entity. Responsible for protecting and where possible enhancing and restoring Delta environment and making determinations on development in Delta. Provide input on actions that impact Delta as a place.

● DELTA STEWARDSHIP COUNCIL

Created by 2009 Delta Reform Act to create and implement a plan to achieve coequal goals.

● SACRAMENTO-SAN JOAQUIN DELTA CONSERVANCY

Established by 2009 Delta Reform Act. Leads efforts that advance environmental protection in Delta and economic well-being of Delta residents. Acts as primary state agency to implement ecosystem restoration in Delta.

● SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

Protects San Francisco Bay and its shoreline, including Suisun Marsh, through San Francisco Bay Plan. MOU with DSC to coordinate on planning and resource management in Suisun Marsh and addressing climate change.

● STATE WATER RESOURCES CONTROL BOARD

State's principal water resources regulatory agency. 2009 Delta Reform Act requires that SWRCB develop new flow criteria for Delta, appoint Delta Watermaster, and implement enhanced Statement of Water Diversion and Use Program for Delta diverters.

● U.S. ARMY CORPS OF ENGINEERS

Investigates, develops and maintains nation's water and related environmental resources. Maintains, regulates, and funds repairs to almost 400 miles of Delta levees. Multiple programs addressing Delta-related flood management issues. Plans to be considered by DSC.

INDEPENDENT SCIENCE BOARD

About: Established by 2009 Delta Reform Act. Replaced CALFED Independent Science Board. Required to develop scientific program relating to management of Delta. Provides oversight of scientific research, monitoring, and assessment programs that support adaptive management of Delta through periodic reviews. Submits results of each review to DSC.
Relation to Delta Plan: Lead scientist acts as liaison and advises DSC.

● DELTA SCIENCE PLAN

About: Specify how scientific research, monitoring, analysis, and data management will be coordinated among entities. Work with multiple agencies to develop plan.
Relation to Delta Plan: Delta Plan called for Delta Science Plan by 2013. The document is now complete.

● INTERAGENCY IMPLEMENTATION COMMITTEE

About: Delta Reform Act calls for DSC to establish an Interagency Implementation Committee to direct actions across agencies to implement Delta Plan.
Relation to Delta Plan: Instructions for committee included in Delta Plan.

● DREDGING AND DREDGE MATERIAL PLACEMENT LONG-TERM MANAGEMENT STRATEGY

About: Coordinate dredging needs and sediment management in Delta to assist in maintaining and improving channel function, levee rehabilitation, and ecosystem restoration.
Relation to Delta Plan: Recommendation that current efforts in strategy should be continued in manner that supports Delta Plan and coequal goals. May be considered by DSC in future update of Delta Plan.

● DELTA WATERMASTER

About: Appointed to review Delta water rights and report on activities regarding diversions within Delta.
Relation to Delta Plan: Delta Plan mentions Reasonable Use Doctrine, subject of a Delta Watermaster Report, as a valuable tool to promote water use efficiency. In-Delta enforcement investigations will inform future Delta Plan updates.

● LAND USE AND RESOURCE MANAGEMENT PLAN FOR THE PRIMARY ZONE OF THE DELTA

About: Outlines long-term land use requirements for the DPC's Delta Primary Zone.
Relation to Delta Plan: Referenced in Delta Plan. Local government general plans must embrace and support land use plan.

● NATIONAL HERITAGE AREA FEASIBILITY STUDY

About: Study to designate Delta as a National Heritage Area. Final study in 2012 to Congressional Affairs Office for support of legislation to establish a Delta NHA.
Relation to Delta Plan: Recommendation in Delta Plan to complete NHA application.

● ECONOMIC SUSTAINABILITY PLAN

About: Includes recommendations that inform DSC's policies regarding socioeconomic sustainability of Delta region.
Relation to Delta Plan: Delta Reform Act required DPC to submit to DSC. Submitted 2011. Delta Plan drew information from plan to form Chapter 5.

● EVALUATION OF POLICY ALTERNATIVES TO BENEFIT AGRICULTURE IN DELTA

About: Proposal to enhance and protect Delta agriculture.
Relation to Delta Plan: Delta Reform Act required CDFG to submit to DSC. Submitted to DPC for review. Provided recommendations included into DPC Economic Sustainability Plan.

● DELTA PLAN

About: Integrates decision making regarding Delta ecosystem, water use and flood management to achieve coequal goals. DSC required to consult with federal, state and local agencies in developing Delta Plan, and requires agencies to cooperate with DSC in developing Plan. Plans, projects and programs in Delta with significant impact on coequal goals must be consistent with Delta Plan. Delta Plan contains policies and many recommendations (see below.) Adopted 2013.

● DELTA CONSERVANCY STRATEGIC PLAN

About: Guide Conservancy's approach to economic development and ecosystem restoration within Delta. Released draft 2012.
Relation to Delta Plan: Delta Plan has recommendations to complete and implement Strategic Plan. Delta Plan drew information from Strategic Plan to form Chapter 5.

● BAY-DELTA WATER QUALITY CONTROL PLAN

About: Identifies beneficial uses of water in Bay-Delta, water quality objectives for reasonable protection of those beneficial uses, and a program for achieving water quality objectives. Undergoing update, including water quality objectives and Delta outflow and inflow requirements, and changes to water rights and water quality regulations.
Relation to Delta Plan: Delta Plan policy for SWRCB to update flow objectives and schedule for adoption for Delta (by 2014) and high priority tributaries (by 2018). Delta Plan recommends water quality in Delta be maintained at a level that supports, enhances, and protects beneficial uses in SWRCB plan.

● DEVELOPMENT OF FLOW CRITERIA FOR THE SACRAMENTO-SAN JOAQUIN DELTA ECOSYSTEM

About: Assessment of flows needed to protect the Delta and its ecological resources completed in 2010.
Relation to Delta Plan: Considered in development of Delta Plan and must be considered by BDCP.

● QUANTIFIABLE BIOLOGICAL OBJECTIVES AND FLOW CRITERIA

About: Delta Reform Act required DFW to develop quantifiable biological objectives and flow criteria for species of concern dependent on the Delta and submit to SWRCB by 2010. Developed in consultation with USFWS and NMFS.
Relation to Delta Plan: Informed SWRCB's Delta flow criteria which was considered in development of Delta Plan and must be considered by BDCP.

● SUISUN MARSH PROTECTION PLAN

About: Long-range conservation, use and management of natural, scenic, recreational and manmade resources implemented in Suisun Marsh Preservation Act.
Relation to Delta Plan: Recommendation to update Suisun Marsh Protection Plan to adapt to sea level rise and ensure consistency with Suisun Marsh Preservation Act, Delta Reform Act, and Delta Plan.

● ECOSYSTEM RESTORATION PROGRAM CONSERVATION STRATEGY

About: Blueprint involving multiple agencies for ecosystem restoration and species recovery for 2011-2030. Includes elements of Suisun Marsh Habitat Management, Preservation and Restoration Plan, and elements of USFWS Recovery Plan for Tidal Marsh Ecosystems of Northern and Central California. Draft 2011. DFW to collaborate with USFWS and NMFS to implement.
Relation to Delta Plan: Delta Plan recommendations to restore habitats at appropriate elevations and to implement list of "Stage 2 Actions for Nonnative Invasive Species" in strategy.

● CENTRAL VALLEY FLOOD PROTECTION PLAN

About: Developed by DWR and submitted to CVFPB in 2011. Proposes new or enhanced flood bypasses, levee setbacks, and fish passage improvements that provide both flood risk reduction and habitat. Adopted by CVFPB in 2012. DWR has started work on a Basin-wide Feasibility Study that will refine the costs and value associated with system-level improvements to the State Plan of Flood Control facilities.
Relation to Delta Plan: Effects of CVFPB improvements monitored by DSC to assure alignment to coequal goals and Delta Reform Act. Portions of CVFPB may be incorporated into Delta Plan at discretion of DSC.

● FLOODSAFE INITIATIVE

About: Launched by DWR in 2006 following voter approval of Prop. 1E and Prop. 84, initiative promotes an integrated approach to achieving system wide benefits through regional implementation and improved core flood management functions.
Relation to DSC: Tool innovation and technical assessments will inform ongoing planning activities related to emergency response, flood system operations and maintenance, and capital improvement programs both within the Delta and statewide. The tools, data, and plan recommendations associated with FloodSAFE programs are being considered by DSC in future updates of Delta Plan.



● REGIONAL FLOOD RESPONSE PROJECT

About: Brings local jurisdictions together to jointly identify projects to enhance response to flood impacts and seek funding for implementation. The five Delta counties, DPC, DWR and local maintaining agencies are working together to address multiagency collaboration and coordination through flood emergency response grant opportunities. The priority is local and regional planning with flood response agencies.
Relation to Delta Plan: Project was recommendation of task force. Delta Plan recommendations support the implementation of multi-agency collaboration and coordination.

● RECREATION PROPOSAL

About: Proposal to expand state recreation areas in Delta.
Relation to Delta Plan: Delta Reform Act required CDFG to submit to DSC. Submitted 2011 to inform DPC Economic Sustainability Plan.

● BAY DELTA CONSERVATION PLAN

About: Habitat restoration plan to restore habitat and get permits for water exporters to continue water conveyance. BDCP will recommend a plan to convey water under, through or around Delta.
Relation to Delta Plan: To be incorporated into Delta Plan if it meets certain statutory requirements. Delta Reform Act describes specific process for incorporation.

DELTA MULTI-HAZARD COORDINATION TASK FORCE

About: Developed by SB27 to address emergency preparedness and response issues in Delta. Led by Cal EMA with representatives from each of 5 Delta counties, DWR and DPC. Released report in 2012 recommending to legislature and governor creation of a Delta interagency unified command system, an emergency preparedness and response strategy, and an emergency response exercise/training plan.
Relation to Delta Plan: Delta Plan recommendation to implement task force recommendations. Task force recommendations will be considered by DSC for future updates of Delta Plan. The task force ended in 2012.

● STRATEGY FOR STATE INVESTMENTS IN DELTA LEVEES

About: The 2009 Delta Reform Act requires the Delta Stewardship Council (DSC), in consultation with various state and local agencies, to develop funding priorities for State investments in Delta levees. These priorities shall be consistent with the provisions of the Delta Reform Act, in cooperation with the Delta Protection Commission's Assessment District Feasibility Study, in promoting effective, prioritized strategic State investments in levee operations, maintenance, and improvements in the Delta for both levees that are a part of the State Plan of Flood Control and non-project levees. **Relation to the Delta Plan:** Listed in the Delta Plan as Risk Reduction Recommendation 4, or RR R4.

● GOVERNOR'S OFFICE OF EMERGENCY SERVICES NORTHERN CALIFORNIA CATASTROPHIC FLOOD INCIDENT PLAN

About: Basis for integrated response in Delta. Will incorporate action recommendations of task force report. To be completed 2013.
Relation to Delta Plan: Flood Incident Plan was recommendation of task force. This plan will lead to multi-agency flood emergency drills and exercises.

● DWR DELTA FLOOD EMERGENCY MANAGEMENT PLAN

About: Plan to respond to multiple island levee failures within Delta. Draft planned for 2013 and final 2014.
Relation to Delta Plan: Furthers the Delta Plan's goals for Delta flood risk reduction.

● DELTA ISLANDS LEVEES FEASIBILITY STUDY

About: Study to develop a long-term USACE strategy for Delta levees.
Relation to Delta Plan: May be considered by DSC in future update of Delta Plan.

Future of the Delta Plan

The final Delta Plan was adopted by the Delta Stewardship Council in May 2013. The 2009 Delta Reform Act requires state and local actions that fit legal definition of a covered action be consistent with Delta Plan policies.

Covered Actions

Mechanism for enforcement of Delta Plan policies over state and local actions. Local and state agencies proposing a plan, project, or program that falls under Delta Plan's "Covered Actions" must file a certification of consistency with DSC. If DSC deems it inconsistent, will provide suggestions for revision. Challenge consistency determination by submitting appeal to DSC. Delta Plan updated every 5 years.

Delta Reform Act defines "Covered Actions" as a plan, program or project that meets all of the following conditions:

1. Will occur, in whole or in part, within the boundaries of the Delta or Suisun Marsh;
2. Will be carried out, approved, or funded by the state or local public agency;
3. Is covered by one or more provisions of the Delta Plan; and
4. Will have a significant impact on achievement of one or both of the coequal goals or the implementation of government-sponsored flood control programs to reduce risks to people, property, and state interests in the Delta.

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FOUNDATION

www.watereducation.org
www.aquapedia.com
www.aquafornia.com

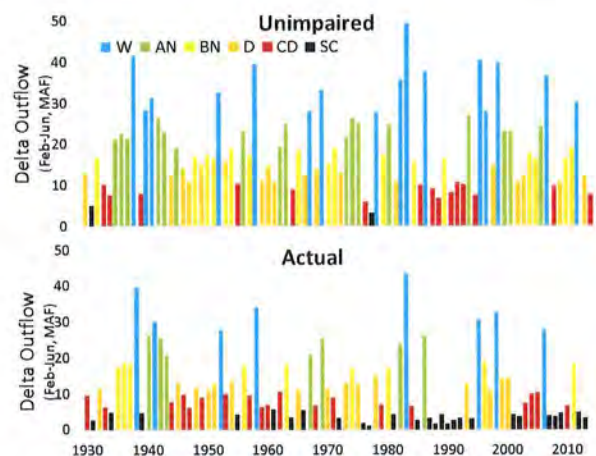
ACRONYM KEY

BDCP	Bay Delta Conservation Plan
Cal EMA	California Emergency Management Agency
CDFG	California Department of Food and Agriculture
CDPR	California Department of Parks and Recreation
CVFPB	Central Valley Flood Protection Board
CVFPP	Central Valley Flood Protection Plan
DFW	California Department of Fish and Wildlife
DPC	Delta Protection Commission
DSC	Delta Stewardship Council
DWR	California Department of Water Resources
MOU	Memorandum of Understanding
NHA	National Heritage Area
NMFS	National Marine Fisheries Service
SWRCB	State Water Resources Control Board
USACE	U.S. Army Corps of Engineers
USFWS	U.S. Fish and Wildlife Service

cities, and businesses. In many years, more than 50% of the Bay watershed's winter and spring fresh water flow is diverted before it reaches the Bay. In some cases, the diversions are so great that rivers actually flow backwards.

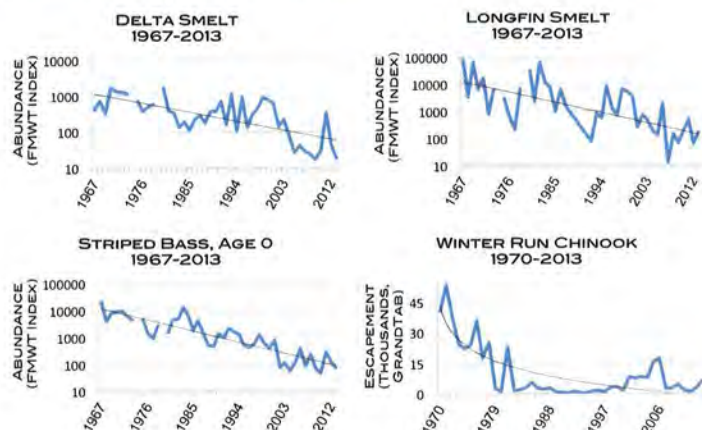
This massive system of dams, canals and diversions denies the San Francisco Bay Estuary its lifeblood – the flow of freshwater. As a result, many of our native fish and wildlife species are in danger of extinction and our commercial and sport fisheries are in sharp decline. Unless we can restore more natural pulses of fresh water at the right times of year, we may lose species that live nowhere else on Earth, valuable commercial and recreational fisheries that have supported businesses and a traditional way of life for generations, and the incredible estuarine environment that provides the Bay Area and all of California with so many ecosystem services.

The Permanent Drought in SF Bay



Above: The difference between the flow nature provides each year and flow arriving in the Bay is vast. The Bay experienced human-induced supercritically dry years (black bars, lower panel) in 26 years since 1930, while such extreme droughts occurred in the watershed only twice (black bars, upper panel).

Estuarine Fish Population Declines are Long-term and Dramatic

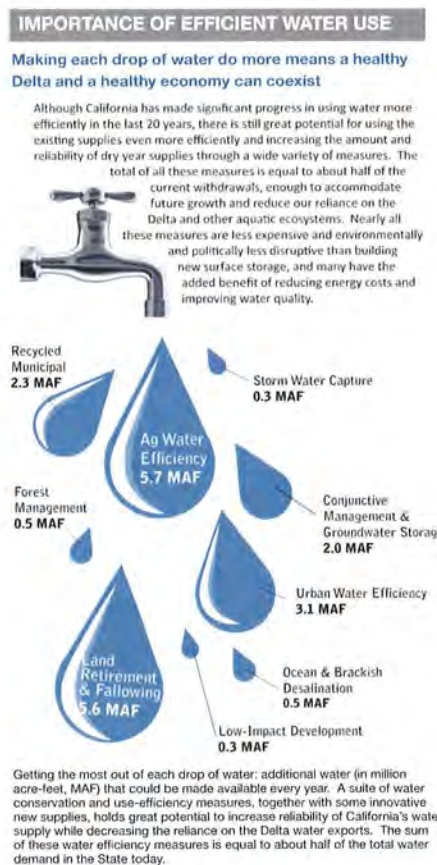


Above: Many Bay species show similar trends. For Delta smelt, longfin smelt, and young-of-year striped bass, each increment on the vertical axis is 10x the level below; thus, declines are between 90% and 99%. Vertical axis for winter-run Chinook salmon is in thousands.

Three Solutions For the Starved Estuary

There is more than enough water to restore the Bay ecosystem and still meet the water supply needs of Californians in the 21st century if we pursue three solution pathways:

- State officials charged with protecting the estuary must act now – first and foremost, by setting new water quality standards that dramatically increase flow to San Francisco Bay from 50% of the watershed's runoff toward the goal of 75% identified by the State Water Resources Control Board as necessary to fully protect the public trust values of the ecosystem.
- All users of water in California must contribute their fair share of water to restoring ecosystem flows, and for meeting water conservation targets. Cities and irrigation districts with senior water rights often have less or no obligations to release water for environmental protections than more junior water rights holders. And irrigators are not held to the same water use efficiency standards as cities, which must conserve 20% by 2020.
- Each unit of water supply must be made to work harder through reuse, recycling and other means. The most sustainable approaches to managing water supplies wisely involve using less water while providing the same goods and services (water efficiency, conservation), using water more than once before disposing of it (recycling), cleaning up degraded water so that it can be used for productive purposes (reclamation), and storing water underground in our natural groundwater reservoirs during wet years (conjunctive use, water banking, stormwater recharge).



How often do diversions make the San Joaquin River flow away from the Bay?
More than 80% of days during the winter and spring since 1980

Why San Francisco Bay Can't Live Without Freshwater Flow



San Francisco Bay: The Starved Estuary

Draining the two largest river systems in California and 40% of the state's land area, the estuary of San Francisco Bay and the Delta is the largest ecosystem of its kind on the west coast of both North and South America. The Bay's four segments (Suisun Bay, San Pablo Bay, Central Bay and South Bay) are recognized across the globe for their size, beauty, and diversity of fish and animal species.

Estuary: (n) A semi-enclosed water body, open to the sea, having a high freshwater drainage and with marked cyclical fluctuations in salinity; usually the mouth of a river. (Modified from "A Dictionary of Ecology, Evolution, and Systematics, 2nd Edition" Cambridge University Press, Cambridge 1998.)

This estuary has also supported human needs for millennia. Indigenous peoples harvested abundant fish, waterfowl, and plants along its shores and these same resources supported European settlers through boom and bust cycles. Even today, the San Francisco Estuary is the nursery for several commercial fisheries.

Map of San Francisco Bay



Modern society has altered the San Francisco Estuary in many ways, including filling in or fragmenting most of its vibrant wetlands – approximately 95% of its native marshes have been lost – and introducing non-native species. But, people have also rallied to protect this ecosystem by protecting its remaining wetland habitats and beginning to restore them and by prohibiting the dumping of raw sewage and many toxic chemicals into its waters. In many respects, the estuary enjoys better protections and more positive attention now than it did just forty years ago.

Still, the estuary's ecosystem continues to decline. And human activities threaten to push this ecosystem beyond the thresholds that allow it to sustain a diverse suite of fish and animals, valuable fisheries, and the natural processes that make this area the crown jewel of California's natural environment.

Every day, without most people noticing, the Bay is being starved of its lifeblood. The mixture of fresh water and saltwater is the key element that makes an estuary an estuary – but the proportion of the watershed's natural flow that makes it to the Bay diminishes year after year. This is not a problem caused by drought (though drought exacerbates the human impact) – in fact, the estuary and

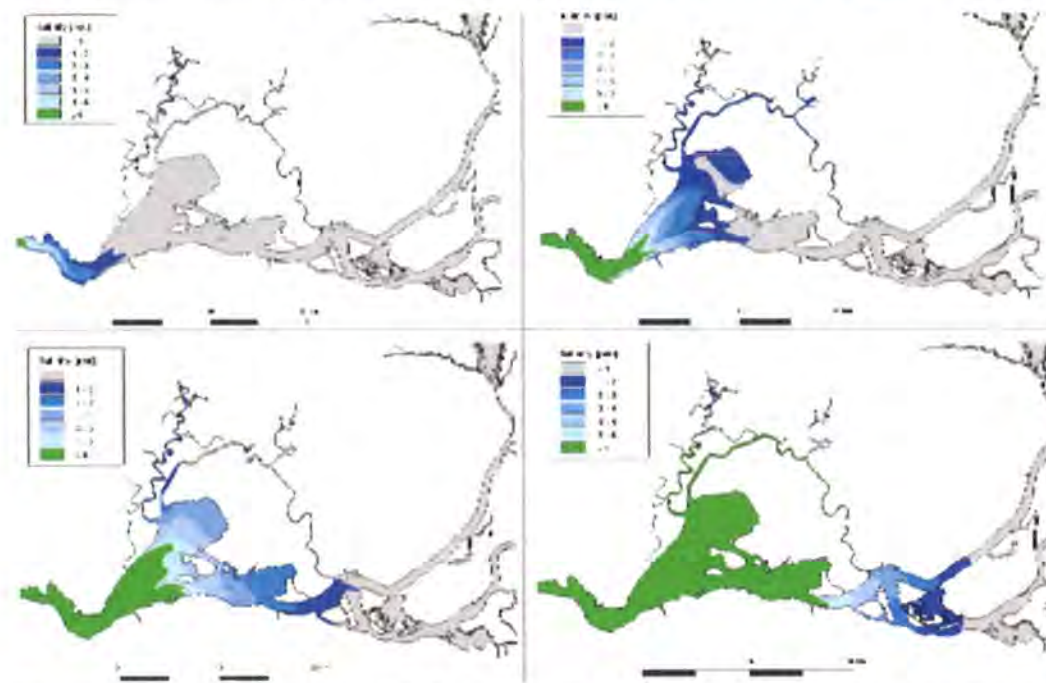
How much water does the Bay hold?
~ 8,446,000 cubic meters (~3,378 Olympic sized swimming pools)

its native organisms and diverse habitats experience a drought in most years now, almost without regard to the amount of water nature provides. Simply put, humans take too much water out of the Bay's watershed, we don't use it very efficiently, and the ecosystem is dying as a result

Why Is Freshwater Flow So Important To The Bay?

As rivers flowing from the mountains and Central Valley drain into the estuary, the fresh water and sediments they carry mix with saltier Pacific Ocean water carried in on the tides. The size and position of this low salinity, brackish water habitat has dramatic implications for all of the ecosystem's aquatic organisms and its multitude of estuarine habitats. The mixing of fresh and salt water and the shifting tides help keep sediment suspended and encourages the growth of tiny organisms (photosynthetic phytoplankton, and the shrimp and other zooplankton that feed on them, the base of the Bay's rich food web). As a result, the San Francisco Estuary is a very productive place. The flow of freshwater and tides create a dynamic gradient of salinity that shifts back and forth across the estuary's aquatic and shoreline habitats. The duration, frequency, and size of brackish water habitat also shapes the extent, location and composition of the San Francisco Bay Estuary's tidal marshes, which change over time in response to salinity levels, and the inflow of sediments, nutrients, and contaminants carried in by runoff from the Bay's watershed.

Freshwater Flow Impacts the Salinity Distribution in the Upper Estuary



Left: Estimated salinity distribution under different outflow conditions. When outflows are high (upper left cell), the salinity field (colored areas) moves to the west; in drier years (bottom right) salinity can intrude into the Delta. Distribution and abundance of many species are affected by size and location of salinity field. Simulations produced for the USEPA by Delta Modeling Associates.

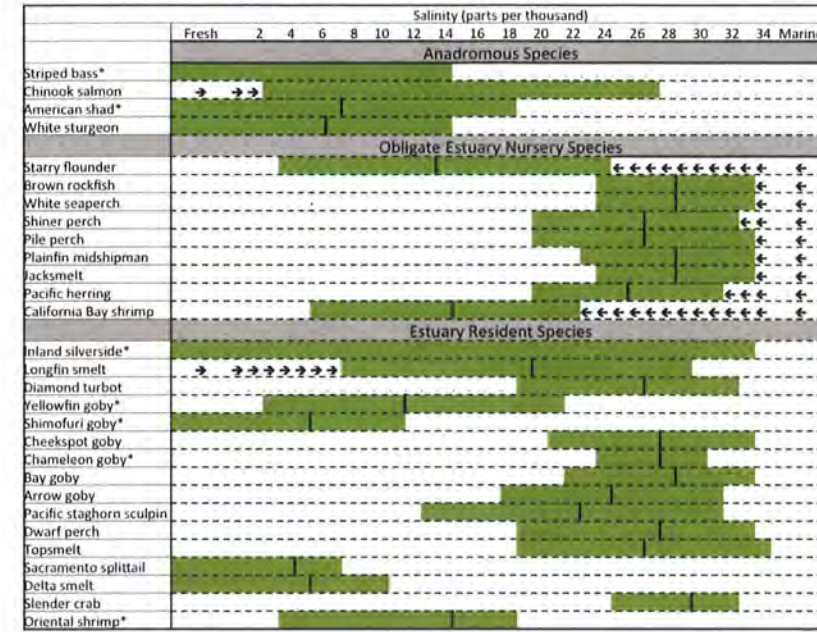


Organisms respond both to salinity levels and other ecosystem processes that are driven by the amount of fresh water inflow to the Bay. The life cycle of many native species is timed to correspond with the annual peak in fresh water runoff that occurs in the winter and spring. The abundance and distribution of these species is directly tied to the volume and duration of runoff at this time of year.

Other species respond to the flow of freshwater upstream as it inundates critical habitats, like floodplains or marshes, and produces the necessary conditions for successful reproduction. For instance, the Sacramento splittail, a native minnow species that lives nowhere else in the world, specializes in reproducing in inundated floodplains of the Bay's watershed; when river flows are high enough in the spring, splittail populations explode. Similarly, the Bay watershed's four Chinook salmon runs, steelhead, and sturgeon are most productive when rivers run high – juveniles of these species migrate downstream and into San Francisco Bay in large numbers in response to adequate freshwater flows. Furthermore, high flows of water from rivers into the estuary stimulates production of organisms near the base of the food web that salmon, sturgeon, migratory birds, and other valuable species feed upon.

In general, high volumes of freshwater entering the upper estuary during the winter and spring correspond to highly productive fisheries that were once a regular feature of the San Francisco Bay estuary. These fisheries sustain a multitude

Range of Salinities for Common Fish and Invertebrate Species in the Bay



Above: Dark green bars represent the range where the species is most commonly detected by the Interagency Ecological Program's San Francisco Bay Study. Vertical lines represent mean salinity of life stage's range. Arrows indicate direction of movement into the salinity range. Asterisks indicate non-native species. Adapted from IEP Technical Report 63, 1999

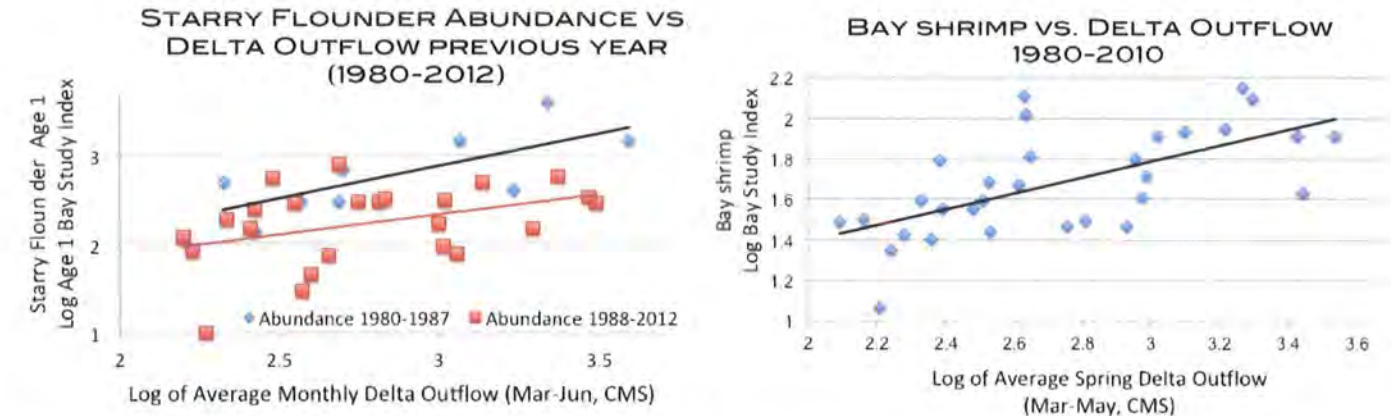
of other creatures, from migratory waterfowl and shorebirds to marine mammals that feast on shrimp, salmon, and other creatures that are born or rear in the estuary.

Higher fresh water flow rates into the estuary can also help to protect and restore productive natural habitats. Freshwater inflow carries sediments that are necessary to maintain and restore tidal marsh habitats. Also, freshwater flow pulses help flush the Bay of compounds that may become toxic if allowed to accumulate too long. Finally, mounting evidence indicates that adequate freshwater flows are essential for controlling the spread of non-native species and for preventing future invasions – non-native colonists can restructure the entire ecosystem in ways that harm native plants and animals.



Above: Splittail credit Joe Kirsh at USFWS

Populations of Many Species are Strongly Correlated with Fresh Water Flow into the Estuary



Above: Many estuarine species, including flounder and shrimp, respond strongly to increased flows to the Bay. Axes are log scaled (each integer is 10x greater than one below it, 1/10th one above it). Straight lines represent statistically significant flow-abundance relationships.

The Permanent Drought In The Bay, And Its Consequences

Current levels of fresh water flow into the estuary are not adequate to support productive fisheries, maintain healthy habitats, flush out toxic compounds, or control non-native invaders. Nor are they sufficient to transport the Bay Estuary's productivity to the nearshore ocean (the Gulf of the Farallones) where marine organisms like whales, dolphins, and rockfish live. Essentially, our estuary – the largest on the Pacific coast of North and South America - barely functions like an estuary in many years.

This decline in freshwater flow is not a result of the recent drought or previous ones. Over the past 45 years, more than one-third of years have looked like a severe drought to the organisms and habitats of the Bay Estuary that rely on freshwater flow. The water is blocked by dams on most of the Central Valley's rivers and diverted to California's farms,

How much water would naturally flow from its watershed to the Bay in a median year?

30,467,000,000 cubic meters

What percentage of the 1987-2013 median natural freshwater flow actually made it to the Bay on average?

~ 49%

Panelists:

Dave Pine, Supervisor, San Mateo County

Gary Bobker, Rivers and Delta Program Director, The Bay Institute

Larry Ruhstaller, Supervisor, San Joaquin County

Mary Piepho, Supervisor, Contra Costa County

Q&A

11:30 am-12:45 pm

Regional Response – Moving Forward Together

Introduction

Steve Kinsey, Supervisor, Marin County

Discussion Plan and Assignment

Bill Chiat, Dean, California State Association of Counties (CSAC) Institute for Excellence in County Government

Group Discussions at Tables and Feedback

Attendees with **Discussion Leaders**, under guidance of Bill Chiat

Reaction Panel

Karen Mitchoff, Supervisor, Contra Costa County

Susan Gorin, Supervisor, Sonoma County

Steve Kinsey, Supervisor, Marin County

Julie Pierce, Councilmember, City of Clayton

Closing Remarks

Mary Piepho, Supervisor, Contra Costa County and Representative, Delta Counties Coalition

12:45pm

End

* * *

DELTA AND SCIENCE PLANNING PROCESSES

Major Delta Planning Efforts:

Bay Delta Conservation Plan (BDCP)

www.baydeltaconservationplan.com

Delta Stewardship Council Delta Plan

<http://deltacouncil.ca.gov/delta-plan-0>

State Water Resources Control Board Bay Delta Water Quality Control Plan

http://www.waterboards.ca.gov/publications_forms/publications/factsheets/docs/bd_plneff_fs.pdf

Statewide Planning Efforts:

California Water Plan

<http://www.waterplan.water.ca.gov/cwpu2013/>

Governor Brown's California Water Action Plan

http://resources.ca.gov/docs/Final_Water_Action_Plan_Press_Release_1-27-14.pdf

Science Plan and Other Programs

Delta Stewardship Council Delta Science Plan

<http://deltacouncil.ca.gov/sites/default/files/documents/files/Delta-Science-Plan-12-30-2013.pdf>

Collaborative Science Adaptive Management Program

<http://deltacouncil.ca.gov/docs/workshopsworkgroups/2014-03-27/collaborative-science-and-adaptive-management-program-csmp>

Workshop on Delta Outflows and Related Stressors Panel Summary Report

<http://deltacouncil.ca.gov/sites/default/files/documents/files/Delta-Outflows-Report-Final-2014-05-05.pdf>

Workshop on Delta Interior Flows and Related Stressors

<http://deltacouncil.ca.gov/sites/default/files/documents/files/Int-Flows-and-Related-Stressors-Report.pdf>

Central Valley Flood Protection Board Central Valley Flood Protection Plan (CVFPP)

http://www.water.ca.gov/floodsafe/fessro/docs/flood_tab_cvfpp.pdf

Central Valley Regional Water Quality Board's Water Quality Control Plan for the Sacramento River and San Joaquin River Basins

http://www.waterboards.ca.gov/centralvalley/water_issues/basin_plans/

Ecosystem Restoration Program (ERP)

<http://www.deltaconservancy.ca.gov/ecosystem-restoration-program-0>

Fish Restoration Program Agreement (FRPA)

<http://www.dfg.ca.gov/water/frpa.html>

Delta Conservancy Delta Restoration Network

<http://deltaconservancy.ca.gov/delta-restoration-network-0>

Delta Protection Commission Land Use and Resource management Plan

<http://www.delta.ca.gov/Land%20Use%20and%20Resource%20Management%20Plan%20for%20the%20Prim.htm>

Delta Stewardship council Delta Levee Investment Strategy

<http://deltacouncil.ca.gov/delta-levee-investment-strategy>

Delta Stewardship Council Restoring Delta Habitat with Science and Society in Mind Issue Paper

http://deltacouncil.ca.gov/sites/default/files/documents/files/Item_7_Attach_1_10.pdf

18-Sep-14

The 2011 State of the Bay Report: Critical Freshwater Flows

Why the estuary and its metropolitan neighbors need fresh water to survive and prosper....

As California decides how to address the crises in the Delta region, adequate freshwater inflows for the SF Bay and estuary must be part of the solution.

San Francisco Bay and the Delta –where fresh and salt water meet and mix to form a unique brackish water environment –form the largest estuary on the west coast of North America. It's this mixture of waters that for centuries sustained salmon runs, shellfish beds, shorebird migrations, eelgrass meadows and other natural riches. The mixing of fresh water from rivers and saltwater from the ocean creates important open water habitat unique to estuaries. In the Bay, most of this brackish (or low salinity) habitat is formed by freshwater inflow from the Sacramento and San Joaquin Rivers.

The Bay Area would not be the world-class destination that it is – a magnet for homebuyers and higher education and technological innovation – were it not for the great estuary at its heart. And freshwater inflow is critical to the health of the system.

- Fresh water is key to the Estuary's natural diversity and productivity.
- Fresh water remains a powerful hydrodynamic force: the amount flowing through the Bay each year often equals more than five times the Bay's volume.

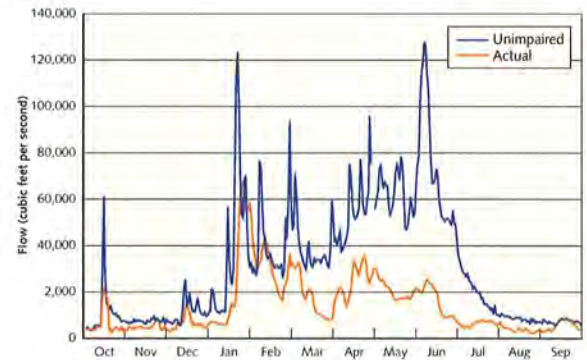
Today, a large share of state rainfall is captured behind dams and in reservoirs, and diverted by pumps, canals and pipes before ever reaching the Bay, "impairing" natural conditions. (Figure 1) So much fresh water has been removed from the system for so long that the Bay is now in a state of chronic drought.

Results of the 2011 State of the Bay Report show a steady decline in this important estuarine open water habitat during the spring months (see Figure 2 as example), an especially critical time for many fish who inhabit or transit through the Bay. The number of days with good habitat conditions during the spring has gone down from an average of 100 days per year in the 1940's and 50's, to just 43 days per year during the past decade.

Since 1993, when the Comprehensive Conservation Management Plan called for recovery of and reversing the declines of estuarine fish and wildlife species, none of the Bay fish communities in any part of the Bay have improved. Instead, six native fish species that rely on the Bay have been listed under the federal and/or state Endangered Species Acts. If action is not taken, this decline will have mounting impacts on the health of the Bay.

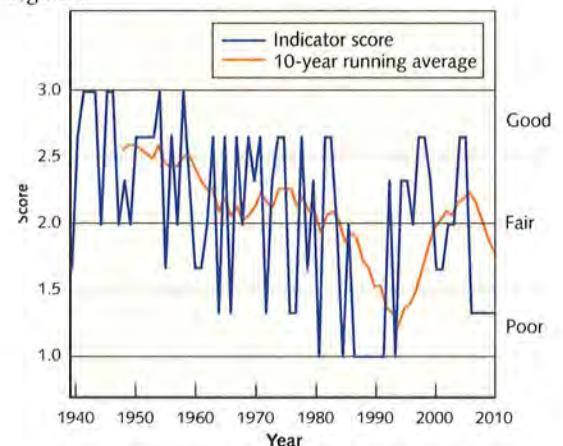


Figure 1



For Water Year 2010, this graph compares freshwater inflow conditions that would have occurred if there were no dam and water diversions, referred to as "unimpaired" conditions, with actual freshwater inflows.

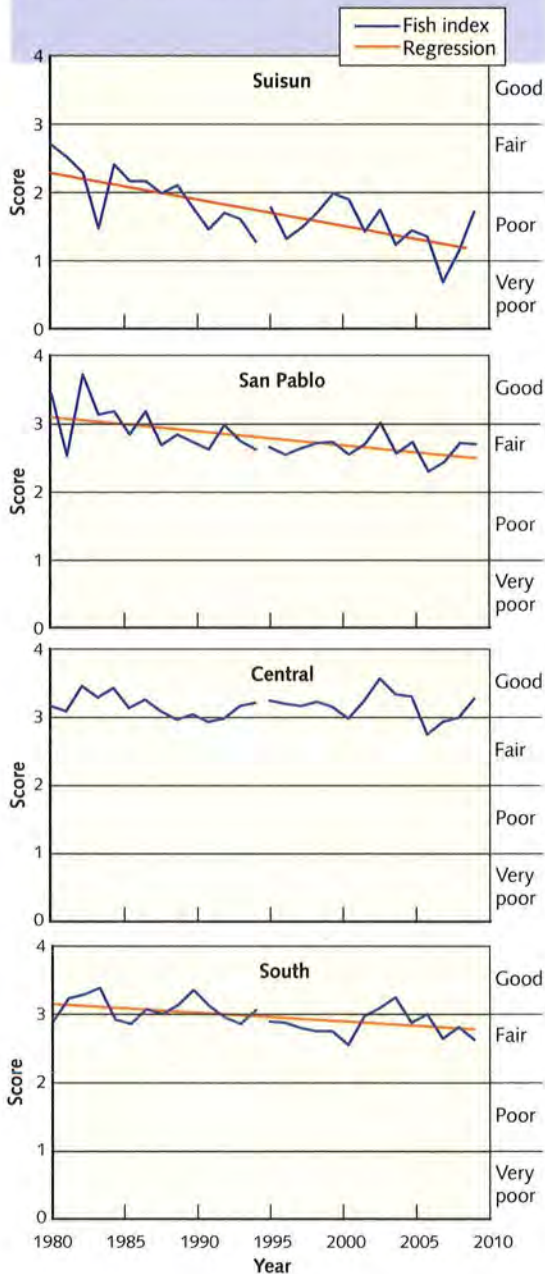
Figure 2



The quality and quantity of low salinity, open water habitat in the San Francisco Estuary in the spring has declined during the past 50 years.

Figure 3

Based on the *2011 State of San Francisco Bay Report's* Fish Index and its component indicators, the health of San Francisco Bay has declined since the 1980s in all regions except Central Bay, near the Golden Gate. The decline is most severe in Suisun Bay, the upstream region of the Estuary heavily influenced by the amounts, timing and quality of freshwater inflows from the Bay's Sacramento-San Joaquin watershed.



How flows sustain the local ecosystem

The Estuary needs adequate freshwater inflow to thrive. The amount, timing, and patterns of freshwater inflow to the Bay define the health, extent, and location of its estuarine habitats. Freshwater inflows influence habitats all around the Bay including our brackish (low-salinity) shallows and marshes, riparian forests and floodplains, and seasonal wetlands. The ups and downs of seasonal inflow trigger the reproduction and migration patterns of many critical species. High flows transport nutrients and small plants and animals to and through the Bay, and help flush pollutants out of the system.

Inflows are especially critical to the life cycles of threatened and endangered fish species--such as sturgeon, salmon, longfin and Delta smelt. Salmon and sturgeon migrate through the Bay on their way to spawning grounds, lured back to their natal creeks and habitats by fresh water signals out to the ocean. At various times during their migrations, they also need adequate flows, or cool fresh water, to survive their travels.

Today, fish abundance and diversity are declining in all regions of the Bay except near the Golden Gate, and the Delta ecosystem is in collapse (See Figure 3). Reductions and alterations in freshwater inflows have had their greatest impacts in the upstream regions of the Estuary-Suisun and San Pablo Bays- where the mix of fresh and salt water creates productive open water estuarine habitats. While other changes in habitats also stress estuarine species, scientists believe poor freshwater inflow conditions are a major cause of declining fish populations in the upper Estuary.

Key Findings from the 2011 State of San Francisco Bay Report

- Flow conditions have sharply degraded over the last half century.
- All characteristics of freshwater inflow—amount, variability, peak flows, and dry year frequency – have been impacted.
- In 2010, only 31 percent of estimated springtime unimpaired runoff from the Bay's watershed actually flowed into the Bay. (see figure 1)
- Since the 1970s, overall inflow conditions have been deemed mostly "poor", and in the past two decades, occasionally "very poor".
For 8 of the last 10 years, Bay freshwater inflows have been equivalent to those estimated for "critically dry" water years under unimpaired conditions. (see figure 2)
- During the 2000s, annual inflows were reduced by more than 50 percent of average, and springtime inflows by nearly 60 percent compared to historic levels "unimpaired flow".
- Both seasonal, and year-to-year, inflow variability has been reduced.

State & Federal Governments Grapple with Inflow Dilemma

Over the past 30 years, there have been many efforts to redirect more flows to fish and ecosystem health and all have been controversial. However, compromises reached in these efforts have not resulted in the desired ecosystem improvements. Stakes are high for all parties. There is great tension between the scientific evidence on the importance of freshwater inflow, and the competition for water between many different users. Consequently, government, private and non-profit interests have devoted enormous resources to clarify the amount of fresh water each believe needed to sustain all beneficial uses. Water managers and stakeholders experimented with salinity standards, public-private partnerships, more science, attempts to dedicate certain flows to environmental purposes, lawsuits, shallow water habitat and river restoration, predator controls, pollution reduction, and now are at work on new designs for a peripheral canal/conveyance/isolated facility to separate delta diversions from fish migration corridors.

New Laws, Biological Opinions and Co-Equal Goals. The need to resolve the issue of adequate freshwater inflow for the Bay and Delta has become even more critical. In 2009, the Delta Reform Act gave state agencies new co-equal goals of *ecosystem restoration* and *water supply reliability* for California's water future.

The Act also required the State Water Board to determine the amount of water needed to protect the Delta ecosystem. At the same time, the U.S. Fish and Wildlife Service and the National Marine Fisheries Service issued new biological opinions for a number of high-risk species, requiring water projects to reduce pumping.

In 2010, the State Water Board began the process to set new water quality objectives for the Sacramento and San Joaquin Rivers and tributary streams, with the release of its Flow Criteria report.(SWRCB Aug. 2010) The Board determined that in order to protect fish and wildlife public trust resources in the estuary during the critical spring and fall seasons, 75 percent of "unimpaired" runoff from the Sacramento-San Joaquin river watershed should flow into the Bay during winter and spring. But in recent years, the Bay has actually been getting less than 50 percent on average – and less than 33 percent in some years.

In 2011, the Resources Agency, the Bureau of Reclamation and water contractors released a preliminary description of their Bay-Delta Conservation Plan's proposed solution to Delta problems (along with draft administrative environmental impact and effects analysis reports). The key components of the plan are a new freshwater conveyance facility and substantial habitat restoration investments. While proposing vast acres of Delta habitat restoration, the plan has been criticized for a continued lack of focus on the need for more freshwater inflows that better meet fish and wildlife needs.



The job of restoring fish and habitat values in the Bay cannot be done by attending to only one single stressor. However, restoration cannot be achieved without adequate freshwater inflows to the Bay.



What's at stake?

For the Bay and the Delta and the people, animals and fish that depend on it.

Lost Jobs & Income. Thousands of fishing jobs have already been lost, and fishing-based communities devastated by the loss of commercial species related to the Bay Delta -- other important commercial and recreational fisheries are at risk in the Bay's watershed and in the ocean off California.

Water Quality Decline. Without adequate freshwater inflows, overall water quality will decline in San Francisco Bay, and drinking water quality could decline in Contra Costa County. Reduced flows, or changed flow regimes, could contribute to toxic algae blooms in the upper bays, reduce contaminant dilution and flushing, and allow salt water intrusion into irrigation intakes.

More Species at Risk. Several fish species are likely to further decline, or face extinction, if the Bay and Delta do not receive adequate freshwater inflows. At risk species include winter- and spring-run Chinook salmon, Central Valley steelhead, green surgeon, Delta smelt, and longfin smelt. Additional species could decline to the point that they must be listed under the Endangered Species Act.

Degraded Habitats. Freshwater inflows provide behavior cues for migrating fish, and for crabs, flatfish, and a host of other important local species. Many also use the currents generated by fresh and salt water layers of the estuarine water column to move through the system, and brackish water areas for rearing young. If needed freshwater inflow is not restored, and habitats continue to decline, the entire palette of species living in the Bay may change in ways scientists cannot predict.

Loss of Local Food Source. Without a fishery, locally sourced salmon will no longer be available.

Increased Selenium Pollution. When the Estuary receives low freshwater inflows, or stable flows throughout the summer, selenium has more time to contaminate the food web.

Food Web Disruptions. Productivity of the Bay-Delta food web could decline or even collapse without adequate freshwater inflows at the right times of year.

Loss of Native Species. As the Bay Delta system becomes more disrupted, invasive species will continue to displace native species, as the latter rely on estuarine process for their life cycles. Invasive plants that create navigational hazards will also increase in the upper estuary.

Take Action

The Bay-Delta system's freshwater supply is critically important to the Bay region and the time is now to be engaged in decisions that will affect the current and future health of our estuary. Bay Area citizens and elected officials should have an important role in planning for restoration work around the Bay, in deciding on any new water projects in the Delta, and for assuring adequate freshwater inflows to San Francisco Bay.

- Tell the lead agencies that Bay freshwater inflow conditions must be improved as part of any Bay-Delta planning solution. baydeltaconservationplan.com
- Support timely State Water Board work in establishing more protective water quality standards and flow criteria for the Bay and Delta. Ensure all water users fairly contribute their share of the flow needed to keep San Francisco Bay healthy. http://www.swrcb.ca.gov/waterrights/water_issues/programs/bay_delta/
- Encourage and create incentives for your local water agencies to conserve, recycle and reclaim water.
- Support related legislative initiatives to build healthier habitats around the Bay and that would finish on-going restoration projects.

RICH TURNER



14

MEMORANDUM

To: Board of Directors

October 17, 2014

From: Chris DeGabriele, General Manager *CD*

Subj: Resolution Supporting Proposition 1 - The Water Quality, Supply and Infrastructure Improvement Act of 2014

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RECOMMENDED ACTION: Approve**FINANCIAL IMPACT: None to NMWD; \$360 Million Increase in Annual Debt Service to CA Taxpayers for the Next 40 Years.**

The November ballot will include Proposition 1, The Water Quality, Supply and Infrastructure Improvement Act of 2014, a \$7.5 billion measure to fund various water-related programs. The general obligation bond proceeds would be used as follows:

<u>Use of Bond Funds</u>	<u>Billions</u>
Water Supply	\$4.235
Watershed Protection & Restoration	\$1.495
Groundwater & Surface Water Quality	\$1.420
Flood Projection	\$0.395
Total	<u>\$7.545</u>

If the measure is enacted, NMWD and the Sonoma County Water Agency, which provides 80% of the District's water supply, may be eligible to receive a portion of the \$725 million for statewide water recycling projects and activities; \$285 million included for coastal salmon and steelhead restoration; \$510 million for statewide Integrated Regional Water Management programs (\$65M for the San Francisco Bay Region); and \$100 million for water conservation.

A detailed summary of the bonding allocations and the Legislative Analysis Office analyzes is included at Attachment 1. The proposed NMWD resolution is included at Attachment 2.

Proposition 1 is supported by:

Officials

- Gov. Jerry Brown
- US Sen. Barbara Boxer
- US Sen. Dianne Feinstein
- Rep. Marc Levine

Organizations

- County of Sonoma
- California State Association of Counties
- County of Marin
- League of California Cities
- Sonoma County Water Agency
- CA Chamber of Commerce
- Association of California Water Agencies
- California Democratic Party
- California Farm Bureau Federation
- California Republican Party

Recommendation:

Approve Resolution 14-XX (attached) in Support of Proposition 1 - The Water Quality, Supply and Infrastructure Improvement Act of 2014.

Water Quality, Supply, and Infrastructure Improvement Act of 2014
(AB 1471 Rendon, Statutes of 2014)
Summary of Funding Allocations

Total Funding Level: \$7.545 billion¹

Chapter 5. Clean, Safe and Reliable Drinking Water

- **\$520 million** for projects that improve water quality or help provide clean, safe, and reliable drinking water to all Californians.²
 - **\$260 million** to State Water Pollution Control Revolving Fund Small Community Grant Fund for grants for wastewater treatment projects.³
 - **\$260 million** for grants and loans for public water system infrastructure improvements and related actions to meet safe drinking water standards, ensure affordable drinking water, or both (administered through State Water Resources Control Board)⁴

Chapter 6. Protecting Rivers, Lakes, Streams, Coastal Waters, and Watersheds

- **\$1.495 billion** for multibenefit ecosystem and watershed protection and restoration projects.⁵
 - **\$327.5 million** for multibenefit water quality, water supply, and watershed protection and restoration projects as follows⁶:
 - Baldwin Hills Conservancy- \$10 million
 - California Tahoe Conservancy- \$15 million
 - Coachella Valley Mountains Conservancy- \$10 million
 - Ocean Protection Council- \$30 million
 - San Diego River Conservancy- \$17 million
 - San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy- \$30 million
 - San Joaquin River Conservancy- \$10 million
 - Santa Monica Mountains Conservancy- \$30 million
 - Sierra Nevada Conservancy- \$25 million
 - State Coastal Conservancy- \$100.5 million⁷
 - Sacramento-San Joaquin Delta Conservancy- \$50 million

¹ \$7.12 billion of new bond authorizations and reallocation of \$425 million of previously authorized bond funds

² Section 79720

³ Section 79723

⁴ Section 79724

⁵ Section 79730

⁶ Section 79731

⁷ "Eligible watersheds for the funds allocated pursuant to this subdivision include, but are not limited to, those that are in the San Francisco Bay Conservancy region, the Santa Ana River watershed, the Tijuana River watershed, the Otay River watershed, Catalina Island, and the central coast region."

Chapter 6. Protecting Rivers, Lakes, Streams, Coastal Waters, and Watersheds cont.

- **\$200 million** to the Wildlife Conservation Board for projects that result in enhanced stream flows.⁸
- **\$100 million** for San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy and the Santa Monica Mountains Conservancy for projects consistent with the San Gabriel and Los Angeles River Watershed and Open Space Plan⁹
- **\$20 million to the Secretary for Natural Resources** to fund multibenefit watershed and urban rivers enhancement projects in urban watersheds that increase regional and local water self-sufficiency and meet other criteria¹⁰
- **\$475 million** to Natural Resources Agency¹¹ to fulfill obligations under:
 - Central Valley Project Improvement Act
 - Tahoe Regional Planning Compact
 - Colorado River Quantification Settlement Agreement
 - San Joaquin River Restoration Settlement Act
 - Any intrastate or multiparty settlement agreement related to water acted upon or before December 31, 2013
- **\$285 million** to the Department of Fish and Wildlife for watershed restoration projects for water quality, river, and watershed protection and restoration projects of statewide importance outside of the Delta.¹²
 - watershed restoration includes activities to fund coastal wetland habitat, improve forest health, restore mountain meadows, modernize stream crossings, culverts, and bridges, reconnect historical flood plains, install or improve fish screens, provide fish passages, restore river channels, restore or enhance riparian, aquatic, and terrestrial habitat, improve ecological functions, acquire from willing sellers conservation easements for riparian buffer strips, improve local watershed management, and remove sediment or trash.
 - Allows for funds to be available for the Fisheries Restoration Grant Program with a priority to coastal waters.
- **\$87.5 million** to the Department of Fish and Wildlife for water quality, ecosystem restoration, and fish protection facilities that benefit the Delta¹³

⁸ Section 79733

⁹ Section 79735(a)

¹⁰ Section 79735(b)

¹¹ Section 79736

¹² Section 79737

¹³ Section 79738

Chapter 7. Regional Water Security, Climate, and Drought Preparedness

- **\$810 million** for projects that respond to climate change and contribute to regional water security.¹⁴
- **\$510 million** to the Integrated Regional Water Management Program, to be allocated as follows:¹⁵
 - \$26.5 million for the North Coast hydrologic region
 - \$65 million for the San Francisco Bay hydrologic region
 - \$43 million for the Central Coast hydrologic region
 - \$98 million for the Los Angeles subregion
 - \$63 million for the Santa Ana subregion
 - \$52.5 million for the San Diego subregion
 - \$37 million for the Sacramento River hydrologic region
 - \$31 million for the San Joaquin River hydrologic region
 - \$34 million for the Tulare/Kern hydrologic region
 - \$24.5 million for the North/South Lahontan hydrologic region
 - \$22.5 million for the Colorado River Basin hydrologic region
 - \$13 million for the Mountain Counties Overlay
- **\$100 million** for water conservation and water-use efficiency plans, projects, and programs such as urban water conservation plans and agricultural water management plans¹⁶
- **\$200 million** for multibenefit stormwater management projects such as green infrastructure, rainwater and stormwater capture projects, and stormwater treatment facilities.

Chapter 8. Statewide Water System Operational Improvement and Drought Preparedness

- **\$2.7 billion** in continuously appropriated funds to the California Water Commission for public benefits associated with water storage projects that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions. Eligible projects are limited to:¹⁷
 - Surface storage projects identified in the CALFED Bay-Delta Program Record of Decision
 - Groundwater storage projects and groundwater contamination prevention or remediation projects that provide water storage benefits
 - Conjunctive use and reservoir reoperation projects
 - Local and regional surface storage projects that improve the operation of water systems in the state and provide public benefits

¹⁴ Section 79740

¹⁵ Section 79744

¹⁶ Section 79746

¹⁷ Section 79750

Chapter 9. Water Recycling

- **\$725 million** for water recycling and advanced treatment technology projects, including all of the following:¹⁸
 - Water recycling projects, including, but not limited to, treatment, storage, conveyance, and distribution facilities for potable and nonpotable recycling projects.
 - Contaminant and salt removal projects, including, but not limited to, groundwater and seawater desalination and associated treatment, storage, conveyance, and distribution facilities.
 - Dedicated distribution infrastructure to serve residential, commercial, agricultural, and industrial end-user retrofit projects to allow use of recycled water.
 - Pilot projects for new potable reuse and other salt and contaminant removal technology.
 - Multibenefit recycled water projects that improve water quality.
 - Technical assistance and grant writing assistance for disadvantaged communities.

Chapter 10. Groundwater Sustainability

- **\$900 million** to the State Water Resources Control Board for projects to prevent or clean up the contamination of groundwater that serves or has served as a source of drinking water.¹⁹
 - **\$80 million** for grants for treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water²⁰
 - **\$100 million** in competitive grants for projects that develop and implement groundwater plans²¹

Chapter 11. Flood Management

- **\$395 million** to the Department of Water Resources and the Central Valley Flood Protection Board for the purpose of statewide flood management projects and activities²²
 - **\$295 million** to reduce the risk of levee failure and flood in the Delta²³

¹⁸ Section 79765

¹⁹ Section 79770

²⁰ Section 79772

²¹ Section 79775

²² Section 79780

²³ Section 79781

Proposition 1
Water Quality, Supply, and Infrastructure Improvement Act of 2014.
AB 1471 (Chapter 188, Statutes of 2014), Rendon. Bond Measure.

Yes/No Statement

A **YES** vote on this measure means: The state could sell \$7.1 billion in additional general obligation bonds—as well as redirect \$425 million in unsold general obligation bonds that were previously approved by voters for resource-related uses—to fund various water-related programs.

A **NO** vote on this measure means: The state could not sell \$7.1 billion in additional general obligation bonds to fund various water-related programs. In addition, \$425 million in unsold general obligation bonds would continue to be available for resource-related uses as previously approved by voters.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact

- Increased state bond repayment costs averaging \$360 million annually over the next 40 years.
- Savings to local governments related to water projects, likely averaging a couple hundred million dollars annually over the next few decades.

State Bond Cost Estimates	
Authorized new borrowing	\$7.1 billion
Average annual cost to pay off bonds	\$360 million
Likely repayment period	40 years
Source of repayment	General tax revenues

Ballot Label

Fiscal Impact: Increased state bond costs averaging \$360 million annually over 40 years.

Local government savings for water-related projects, likely averaging a couple hundred million dollars annually over the next few decades.

BACKGROUND

Sources of Water in California. A majority of the state's water comes from rivers, much of it from Northern California and from snow in the Sierra Nevada Mountains. Water available underground (referred to as "groundwater") makes up roughly a third of the state's water use and is more heavily relied on in dry years. A small share of the state's water also comes from other sources, such as capturing rainwater, reusing wastewater (water recycling), and removing the salt from ocean water (desalination).

Meeting the State's Water Needs. Providing clean water throughout California while protecting the environment presents several key challenges. First, water is not always available where it is needed. For example, water from Northern California is delivered to other parts of the state, such as farmland in the Central Valley and population centers in the San Francisco Bay Area and Southern California. Second, the amount of water available can change widely from year to year. So, when less water is available in dry years, it can be difficult to provide all of the water that people want throughout the state. This can include providing enough water to maintain natural habitats—such as wetlands—for endangered species as is required under state and federal laws. However, in very wet years the state can sometimes experience floods, particularly in the Central Valley. Third, water is sometimes polluted, making it unsuitable for drinking, irrigating

crops, or fish habitat. Fourth, parts of the state's water system have affected natural habitats. For example, providing more water for drinking and irrigation has reduced the water available for fish.

In order to address these challenges, California has built various projects. Some projects use natural rivers—as well as pipelines, pumping stations, and canals—to deliver water used for drinking or farming throughout the state. These projects also include dams and other types of water storage to hold water for when it is needed. Other projects to meet the state's water challenges include water treatment plants to remove pollutants from drinking water and wastewater, systems to clean up runoff from storms, and levees to prevent floods.

Environment and Water System Are Linked. The state's water system and the environment are linked in several ways. As noted above, the use of water for irrigation and drinking water affects natural habitats used by fish and wildlife. These effects on natural habitats are made worse by pollution, which harms water quality for fish, wildlife, and people. The state has taken a variety of actions to improve natural habitats and water quality. These include restoring watersheds (an area of land that drains into a body of water) by reintroducing native plants and animals. The state has also provided water to rivers when needed by fish species.

Roles of Various Governments in Water System. The state, federal, and local governments play important roles in providing clean and reliable water supplies. Most spending on water programs in the state is done at the local level, such as by water districts, cities, and counties. In recent years, local governments have spent about \$26 billion per year to supply water and to treat wastewater. About 80 percent of this spending is paid for by individuals as ratepayers of water and sewer bills. In addition, local governments pay for projects using other sources, including

state funds, federal funds, and local taxes. While most people get their water from these public water agencies, about one-sixth of Californians get their water from private water companies.

The state runs programs to (1) conserve, store, and transport water around the state; (2) protect water quality; (3) provide flood control; and (4) protect fish and wildlife habitat. The state provides support for these programs through direct spending, as well as grants and loans to local governments, nonprofit organizations, and privately owned water companies. (The federal government runs similar programs.) Funding for these state programs usually comes from bonds and fees. Since 2000, voters have approved about \$20 billion in bonds for various environmental purposes, including water. Currently, about \$900 million (5 percent) of these bonds remain available for new projects.

PROPOSAL

This measure provides a total of \$7.5 billion in general obligation bonds for various water-related programs. First, the measure allows the state to sell \$7.1 billion in additional bonds. Second, the measure redirects \$425 million in unsold bonds that voters previously approved for water and other environmental uses. The state repays these bonds, with interest, using the state's General Fund. (The General Fund is the state's main operating account, which pays for education, prisons, health care, and other services.)

Uses of Funds

As shown in Figure 1 and described below, the bond measure provides funding to (1) increase water supplies, (2) protect and restore watersheds, (3) improve water quality, and (4) increase flood protection. The bond money would be available to state agencies for various projects and programs, as well as for loans and grants to local governments, private water

companies, mutual water companies (where water users own the company), Indian tribes, and nonprofit organizations.

Figure 1	
Uses of Proposition 1 Bond Funds	
<i>(In Millions)</i>	
Water Supply	\$4,235
• Dams and groundwater storage—cost share associated with public benefits.	\$2,700
• Regional projects to achieve multiple water-related improvements (includes conservation and capturing rainwater).	810
• Water recycling, including desalination.	725
Watershed Protection and Restoration	\$1,495
• Watershed restoration and habitat protection in designated areas around the state.	\$515
• Certain state commitments for environmental restorations.	475
• Restoration programs available to applicants statewide.	305
• Projects to increase water flowing in rivers and streams.	200
Improvements to Groundwater and Surface Water Quality	\$1,420
• Prevention and cleanup of groundwater pollution.	\$800
• Drinking water projects for disadvantaged communities.	260
• Wastewater treatment in small communities.	260
• Local plans and projects to manage groundwater.	100
Flood Protection	\$395
• Repairs and improvements to levees in the Delta.	\$295
• Flood protection around the state.	100
Total	\$7,545

Funds for Water Supplies (\$4.2 Billion). About \$4.2 billion would fund projects intended to improve water supplies, in order to make more water available for use. Specifically, the bond includes:

- **\$2.7 Billion for New Water Storage.** The bond includes \$2.7 billion to pay up to half of the cost of new water storage projects, including dams and projects that replenish groundwater. This funding could only be used to cover costs related to the “public

benefits” associated with water storage projects, including restoring habitats, improving water quality, reducing damage from floods, responding to emergencies, and improving recreation. Local governments and other entities that rely on the water storage project would be responsible for paying the remaining project costs. These costs would generally be associated with private benefits (such as water provided to their customers).

- ***\$810 Million for Regional Water Projects.*** The bond also provides \$810 million for regional projects that are included in specific plans developed by local communities. These projects are intended to improve water supplies, as well as provide other benefits, such as habitat for fish and flood protection. The amount provided includes \$510 million for allocations to specific regions throughout the state and \$300 million for specific types of water supplies, including projects and plans to manage runoff from storms in urban areas and water conservation projects and programs.
- ***\$725 Million for Water Recycling.*** The bond includes \$725 million for projects that treat wastewater or saltwater so that it can be used later. For example, the funds could be used to test new treatment technology, build a desalination plant, and build pipes to deliver recycled water.

Funds to Protect and Restore Watersheds (\$1.5 Billion). These monies would fund projects intended to protect and restore watersheds and other habitat throughout the state. This funding could be used to restore bodies of water that support native, threatened, or endangered species of fish and wildlife; purchase land for conservation purposes; reduce the risk of wildfires in watersheds; and purchase water to support wildlife. These funds include \$515 million to restore

watersheds in designated regions around the state (including \$140 million specifically for projects in the Sacramento-San Joaquin Delta [Delta]) and \$475 million to pay for certain state commitments to fund environmental restorations. The remaining funding would be available to applicants statewide for programs that restore habitat and watersheds (\$305 million) and increase the amount of water flowing in rivers and streams, for example by buying water (\$200 million).

Funds to Improve Groundwater and Surface Water Quality (\$1.4 Billion). The bond includes over \$1.4 billion to improve groundwater and surface water quality. More than half of this funding (\$800 million) would be used for projects to clean up and prevent polluted groundwater that is, or has been, a source of drinking water. The remaining funds would be available to (1) improve access to clean drinking water (\$260 million), (2) help small communities pay for wastewater treatment (\$260 million), and (3) provide grants to local governments to develop and implement plans to manage their groundwater supply and quality (\$100 million).

Funds for Flood Protection (\$395 Million). The bond provides \$395 million for projects that both protect the state from floods and improve fish and wildlife habitat. While \$100 million of this funding could be spent on flood control projects anywhere in the state, \$295 million is set aside to improve levees or respond to flood emergencies in the Delta.

Requirements for Allocating and Spending Funds

How Projects Would Be Selected. The measure includes several provisions that would affect how specific projects are chosen to receive bond funds. The California Water Commission—an existing state planning and regulatory agency—would choose which water storage projects would be funded with the \$2.7 billion provided in the bond for that use. The Commission would

not have to go through the state budget process to spend these funds. For all other funding provided in the measure, the Legislature generally would allocate money annually to state agencies in the state budget process. While the Legislature could provide state agencies with some direction on what types of projects or programs could be chosen, the measure states that the Legislature cannot allocate funding to specific projects. Instead, state agencies would choose the projects. In addition, none of the funding in the measure can be used to build a canal or tunnel to move water around the Delta.

Requirements for Matching Funds. Of the \$7.5 billion in funds made available by the measure, \$5.7 billion is available only if recipients—mostly local governments—provide funding to support the projects. This matching requirement only applies to the water supply and water quality projects funded by the measure. The required share of matching funds is generally at least 50 percent of the total cost of the project, although this can be waived or reduced in some cases.

FISCAL EFFECTS

Fiscal Effects on State Government. This measure would allow the state to borrow up to \$7.1 billion by selling additional general obligation bonds to investors, who would be repaid with interest using the state's general tax revenues. We assume that (1) the interest rate for the bonds would average just over 5 percent, (2) they would be sold over the next ten years, and (3) they would be repaid over a 30-year period. Based on these assumptions, the cost to taxpayers to repay the bonds would **average about \$360 million annually over the next 40 years**. This amount is about one-third of a percent of the state's current General Fund budget. We assume that redirecting \$425 million in unsold bonds from previously approved measures would not increase the state's anticipated debt payments. This is because, without this measure, these bonds

likely would have been sold in the future to support other projects. (For more information on the state's use of bonds and the impact of this proposed bond measure on the state's budget, see "Overview of State Bond Debt" later in this guide.)

Fiscal Effects on Local Governments. The availability of state bond funds for local water projects would affect how much local governments, primarily water agencies, spend on water projects. In many cases, the availability of state bonds could reduce local spending. For example, this would occur in cases where state bond funds replaced monies that local governments would have spent on projects anyway. Local savings would also occur in cases where the availability of state bond funds allowed local governments to build projects that reduced operating costs, such as by increasing efficiency or using a new water source that allows them to purchase less water.

However, in some cases, state bond funds could increase spending on water projects by local governments. For example, the availability of bond funds might encourage some local governments to build additional or substantially larger projects than they would otherwise. These projects could also be more expensive to operate.

On balance, we estimate that this measure would result in savings to local governments on water-related projects. These savings would likely average a couple hundred million dollars annually over the next few decades.

An individual local government might use these savings in various ways. For example, it might use the savings to build other new facilities or for maintenance and repair of existing facilities. In other cases, a government might use the savings to keep water rates lower than they otherwise would be by delaying or reducing future rate increases. Since the amount of statewide

savings in any given year is likely to be small relative to the overall amount spent by local governments on water, any effect on rates would likely be small for most ratepayers.

**DRAFT
RESOLUTION 14-XX**

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE NORTH MARIN WATER DISTRICT
SUPPORTING PROPOSITION 1
THE WATER QUALITY, SUPPLY AND INFRASTRUCTURE IMPROVEMENT ACT OF 2014
ON THE NOVEMBER 4, 2014 BALLOT**

WHEREAS: California is in a severe, multi-year drought and faces a growing list of challenges associated with aging infrastructure, climate change, population growth and other factors; and

WHEREAS: water managers and state leaders agree that California needs a comprehensive, statewide water plan to create a more resilient water system and meet the coequal goals of improved water supply reliability and ecosystem health; and

WHEREAS: the North Marin Water District is responsible for water quality, water supply and water system infrastructure to its Novato and West Marin Service Areas; and

WHEREAS: in August 2014, the California State Legislature passed a bond measure which, if approved by the voters of California, will provide essential infrastructure funding for state water, wastewater, and flood control projects; and

WHEREAS: the measure to support the infrastructure funding has been numbered and titled Proposition 1 – The Water Quality, Supply and Infrastructure Improvement Act of 2014, by the Secretary of State and has been placed on the November 4, 2014 ballot for voter approval; and

WHEREAS: Proposition 1 will provide \$7.54 billion for regional water reliability, safe drinking water, water recycling, groundwater sustainability, watershed protection and improvement, storage, and statewide flood management, some of which the North Marin Water District may receive to support its water quality, water supply, and recycled water projects; and

WHEREAS: the North Marin Water District and the other Sonoma County Water Agency Water Contractors may be eligible to receive a portion of the \$725 million for statewide water recycling projects and activities; \$285 million included for coastal salmon and steelhead restoration; \$510 million for statewide Integrated Regional Water Management programs (\$65 million for the San Francisco Bay Region); and \$100 million for water conservation; and

WHEREAS: Marin and Sonoma Counties will benefit from funding for other programs that will improve statewide water quality, flood protection, coastal protection and fisheries.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the North Marin Water District hereby expresses support for Proposition 1, which will be presented to voters for their consideration on the November 4, 2014, statewide ballot.

* * * * *

I hereby certify that the foregoing is a true and complete copy of the resolution adopted by the NORTH MARIN WATER DISTRICT BOARD OF DIRECTORS at a regular meeting of said Board held on Tuesday, October 21, 2014 by the following vote:

AYES: Directors
NOES:
ABSENT:
ABSTAINED:

Katie Young, District Secretary
North Marin Water District


(SEAL)

15

MEMORANDUM

To: Board of Directors

October 17, 2014

From: Katie Young, District Secretary 

Subj: Draft Annual Report

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RECOMMENDED ACTION: Information Only

FINANCIAL IMPACT: None at this time

Attached is the Draft Annual Report for Fiscal Year 2013-2014 for your review. Please submit comments for incorporation into the annual report to me by Tuesday, October 28, 2014. After which comments will be incorporated or addressed with the Board, the General Manager will review and the finished product will be submitted for approval at the November 4th Board meeting.

ANNUAL REPORT

2013-14



NORTH MARIN WATER DISTRICT



NORTH MARIN
WATER DISTRICT

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
Katie Young, District Secretary, appointed 2012
David L. Bentley, Auditor-Controller, appointed 1987
Drew McIntyre, Chief Engineer, appointed 1998

DEPARTMENT MANAGERS

Administration & Finance	David L. Bentley
Construction/Maintenance	Tony Arendell
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 415-761-8921 or visit the website at www.nmwd.com

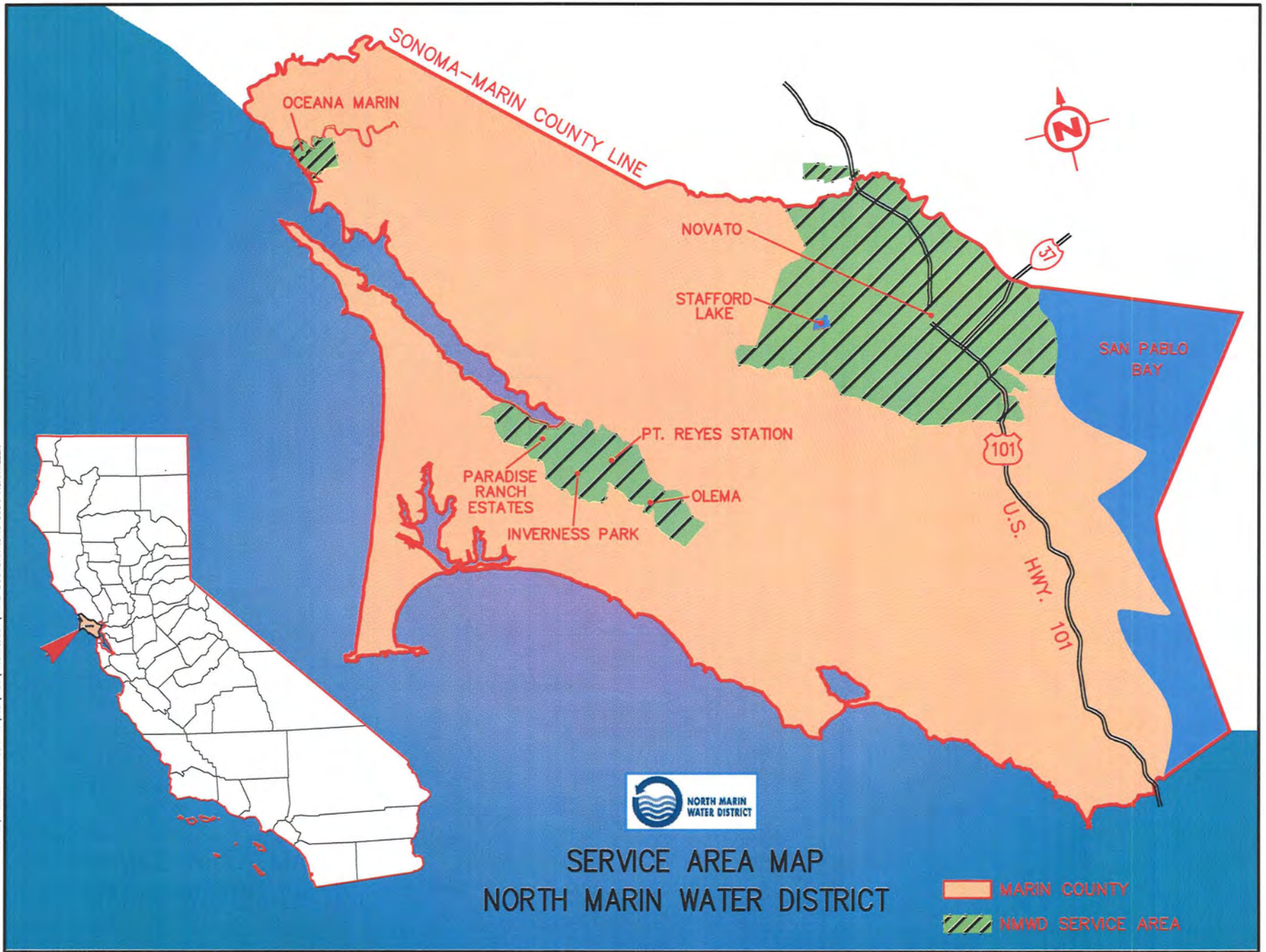
(Front cover photo: Aqueduct Energy Efficiency Project)

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 Petaluma to Novato is completed.
- 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.
- 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 is completed enabling Stafford Lake water to meet anticipated future water quality standards.
- 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, 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.
- 2013** Expansion of the recycled water distribution system is completed. 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.
- 2014** Construction on the Aqueduct Energy Efficiency project continues. A new 42" diameter pipeline will replace the existing 30" North Marin Aqueduct from S. Petaluma to Redwood Landfill.

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 and click on Service Area.

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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 (FY) 2014 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 2014 totaled 12.74", the third driest year on record and the third consecutive low rainfall year. Only 1976 and 1977 were drier. Governor Brown declared a drought in all California on January 17th. Water was available in the Russian River system for fish, agriculture and urban deliveries. However, Lake Mendocino reached low levels not seen since 1977. 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. The New recycled water treatment facilities at Las Gallinas and Novato Sanitary Districts supplied North Marin's expanded recycled water distribution system in north and south Novato.

Good progress was made on the Aqueduct Energy Efficiency Project where the North Marin Aqueduct is now upsized to 42" diameter from Redwood Landfill to San Antonio Road. The remainder of the AEEP and aqueduct upsizing is expected to be completed next year. A new Interconnection Agreement with Marin Municipal Water District was executed, committing MMWD to help pay for the AEEP in which they benefit.

SCWA continues focus 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 expansion of recycled water to further stretch our local source of supply in future years.

Weather patterns in FY 2014 were extremely dry.

In West Marin, dry year, normal year water supply conditions on Lagunitas Creek prevailed and customers in both Novato and West Marin experienced water restrictions in response to the drought.

In June 2014, a 5% water rate increase became effective. At \$656 per year, the cost of water service for a typical Novato single family home using 107,600 gallons of water a year is below the median of urban area water purveyors (see chart page 17). Water remains a good value for Novato customers.

WATER SUPPLY

STAFFORD LAKE – Local Source Provides 20% of North Marin’s Supply

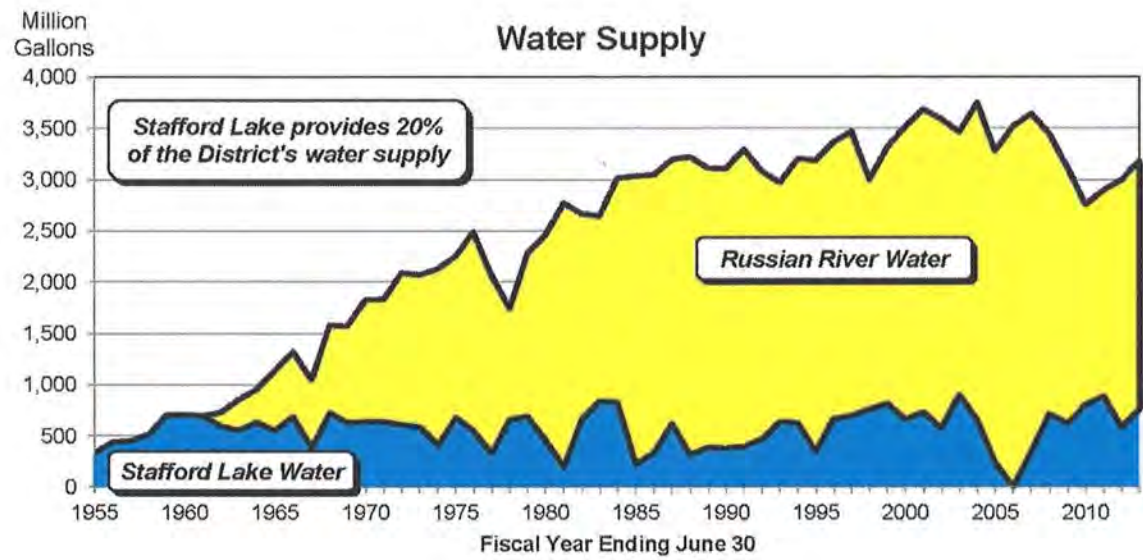
Stafford Lake lies four miles west of downtown Novato and collects the runoff from 8.3 square miles of watershed land adjacent to the upper reaches of Novato Creek. The lake has a surface area of 230 acres and holds 4,450 acre-feet or 1,450 million gallons (MG) of water. Water from Stafford Lake is fed into the 6 million gallons per day (MGD) treatment plant located just below the dam. In FY 2014, 1,470 acre feet (479 MG) of water was produced from the new Stafford Lake Water Treatment Plant.

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, which totaled 54,963 acre feet in FY 2014. Releases from the lakes flow to a point about 10 miles upstream of Guerneville (see map on page 16 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 2014, North Marin received 7,768 AF (2,531 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 and billing, rendering and accounting for 151,000 bills annually. During the year, field staff responded to 1,220 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 75% in FY 2014 compared to FY 2003. About 1% of residential customers used in excess of 1,845 GPD sometime during the fiscal year. In addition to reducing consumption, the incentive rate has generated \$687,000 in additional revenue since inception, 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 23% of residential customers use in excess of 615 GPD sometime during the year (76% of residential customers never used 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. FY2014 water use within the CITR range declined 29% compared to FY 2006.
- In February, the District's 2014 Urban Area Water Cost Comparison (see chart on page 20) 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 was \$656/yr.

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 to closely monitor revenue and expenditures relative to the adopted budget.



The Government Finance Officers Association (GFOA) has awarded the District a Certificate of Achievement for Excellence in Financial Reporting for our comprehensive annual financial report (CAFR) for fiscal year ended June 30, 2013. This is the fifth consecutive year the District has received this award. The GFOA states that this Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. The following staff members made significant contributions to this CAFR: Chris DeGabriele, David Bentley, Dianne Landeros, Nancy Holton, and Nancy Williamson.

Fiscal Year 2014 financial highlights include:

- The District, on a consolidated basis, received 110% of budgeted operating revenue and expended 108% of budgeted operating expenditures, resulting in a net income of \$488,000. \$4.5 million (53%) of the Improvement Project Budget was expended. During the year the District received \$3.9 million in grant and loan proceeds to finance its capital improvement projects program, and ended the year with a cash balance of \$14.8 million, an increase of \$4.8 million from the prior year.
- Novato potable water consumption decreased 2% from the prior year. Stafford Treatment Plant produced 479 MG (1,470 AF), down 37% from the prior year. The net income of \$598,000 fell short of \$2.0 million budgeted net income, and compares to a net income of \$2.2 million the prior year. In June 2014 the District paid off its

CalPERS side-fund liability, which significantly reduced net income for the fiscal year.

- The 0.5 MGD Deer Island Recycled Water Facility combined with Novato Sanitary District and Las Gallinas Valley Sanitary District to produce 159.2 MG of Recycled Water, up 95% from the prior year. Twenty-seven new customers were added during the year. The fiscal year net loss of \$294,000 came in less than the \$339,000 budgeted loss.
- West Marin Water consumption was down 3% from the prior year. The \$156,000 net income compares to a budgeted net income of \$212,000 and to net income of \$211,000 the prior year. West Marin Water ended the fiscal year with a cash balance of \$913,000. A 5% increase applicable to West Marin water customers was approved effective July 1, 2014.
- Oceana Marin Sewer's net income of \$28,000 compares to a budgeted income of \$27,000 and to net income of \$28,000 the prior year. Oceana Marin ended the year with a \$283,000 cash balance.

ENGINEERING

The Engineering Department consists of professional and technical staffs that oversee 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.

In the Novato service area, the Engineering Department oversaw the majority of thirty-



two projects with a combined fiscal year total expenditure of \$4,200,000. Of these thirty-two projects, eighteen were completed within the budget year. Some of the significant projects included start of the SMART Crossing Upgrades at Hanna Ranch (pictured to the left) and Roblar Road, Atherton Tank Rehabilitation, Shields Lane 6” Cast Iron Replacement and completion of Reach E

(pictured above) as part of the Aqueduct Energy Efficiency Project.

In the West Marin service area, including Oceana Marin, the Engineering Department oversaw eight of the twelve projects with combined fiscal year total expenditures of \$300,000. The most significant projects in West Marin were the start of construction for the Gallagher Well Pipeline Project, Olema Pump Station Flood Protection and substantial completion of the Gallagher Auxiliary Stream Gauge Project.

WATER CONSERVATION

North Marin Water District maintains a comprehensive and innovative Water Conservation Program aimed at both residential and non-residential customers (commercial and large landscape). Each program element is analyzed to assure that it will efficiently produce long-lasting water savings mutually worthwhile to the customer and the District. The District's water use efficiency programs saved approximately 392 million gallons of water during FY 2014.



Residential activities include residential water use surveys (366 completed), high-efficiency washing machine (HEW) rebates (308 paid), high-efficiency toilet (HET) replacements (366 rebates paid) Ultra High Efficiency Toilet Giveaway (466 toilets distributed), a Cash-for-Grass Program (turf removal rebate - 52 rebates paid), Conservation Incentive Tier Rates, flapper rebates, weather-based irrigation controller rebates, landscape efficiency rebates, a plumbing retrofit-on-resale program (toilets, showerheads, and bathroom sink faucets) and rainwater collection and gray water rebates. 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), the "WaterLine" newsletter (sent in spring and fall), bill inserts, newspaper advertisements and articles, and a variety of other customer outreach events and campaigns.

The District maintains an interactive website where customers can look at everything from a graph of their water use history, to water use efficiency rebate information and can even pay their water bill. The District has also embarked into social media and maintains a Facebook page. The outreach program is designed to increase customer participation in the various conservation programs offered by the District and to increase customer awareness and stewardship of the water resource. This year, in response to the drought, the District issued a special winter edition of the “*Water Line*” and also participated in the Sonoma Marin Saving Water Partnership 2014 Drought advertising campaign, and in April 2014 held a Drought Drive-Up Day in Novato (see photo below).



Finally, the District requires new development to meet some of the most stringent water-use efficiency standards in the nation, including: installation of a high-efficiency washing machine (HEW), high-efficiency toilets (HETs), 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 state model Water Efficient Landscape Ordinance.

OPERATIONS AND MAINTENANCE DEPARTMENT

The Operations and Maintenance Department is comprised of three groups –Operations, Maintenance and Water Quality – that work together to provide Novato and West Marin customers with good water and good service at good value while continuing to provide a safe place to work. Along with these groups, the O&M Technical Assistant provides document control for the Cross Connection Control, Maintenance Management and Asset Management programs, as well as managing the monthly Self-Monitoring Report submittals from the District's recycled water customers.

OPERATIONS

The Operations Group is comprised of five Distribution and Treatment Operations staff who works closely with Water Quality Group, sharing 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 Group manages the water supply and distribution systems 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 and pressure levels to reliably meet all water system demands and fire protection requirements.

In Novato, the group managed storage of 28 million gallons (MG) of potable finished water in 35 tanks through four hydraulic pressure zones, 27 pump stations and produced 3,010 MG for our customers. Also two 500,000-gallon water storage facilities, 8 miles of distribution mains provided 44 customer sites with 159 MG of recycled water from the Novato and the Las Gallinas Valley Sanitary Districts.

In West Marin, the group operates the Lagunitas Creek wells and Point Reyes Treatment Plant which produced 84.1 MG of potable finished water. This water supplied 6 pump stations and 13 storage tanks for distributing water to supply to Point Reyes Station, Olema, Inverness Park, Paradise Ranch Estates, and Bear Valley. Additionally, the department oversees the wastewater collection and treatment operations in Oceana Marin.



Gallagher Well Test Operation



Stafford Lake low elevation

Operations activities and accomplishments during 2013-14 include 15 improvement projects, 12 major maintenance tasks during the winter shutdown and over 750 routine maintenance tasks throughout the year. Work performed to complete the Gallagher well clean out and production testing, lake taste and odor investigation, STP large valve maintenance, plant air compressor replacement, GAC replacement and filter optimization were key to the continued high quality water that the group provides. The ongoing drought limited the water production operation at the Stafford Lake Treatment Plant.

MAINTENANCE

The Maintenance Group is comprised of Electrical/Mechanical, Building/Grounds, Fleet, and Distribution Cross Connection and Control staff and 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. In Novato, this equipment includes the Stafford Treatment plant, 27 pump stations, 35 tanks, 13 pressure regulators, 2,300 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 6 pump stations in West Marin at 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 2013-14 include 11 facilities improvement projects and over 500 routine maintenance tasks. Staff continued to execute the

day-to-day activities while performing projects on the remote telemetry unit upgrades and radio communication links at the Point Reyes Treatment Plant and, Paradise Ranch Estates pump stations. Improvement projects also included Aqueduct Energy Efficiency Project telemetry, Gallagher Well, cathodic protection replacements, the Bolling Circle recycled water booster station, and upgrades to aging fire services.



Bolling Circle RWF Pump Station

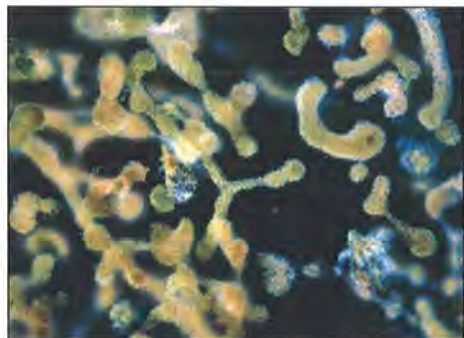


Fire Service Vault Removal on Rowland Blvd.

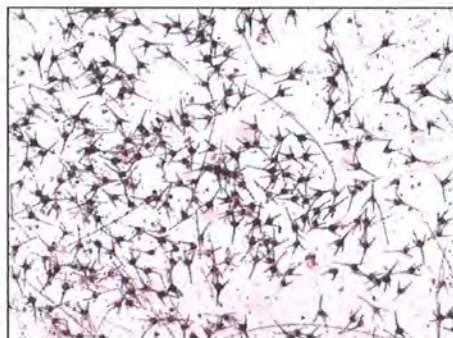
WATER QUALITY

The Water Quality Group is comprised of chemists and lab technicians providing 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 staff responds to customer calls with specific information on water quality.

Water Quality accomplishments during the 2014 fiscal year include taking on increased support work for the Novato Sanitary District Laboratory sampling efforts. During the year, Water Quality staff closely monitored Stafford Lake identifying the diverse algal species to better understand the precursors to some taste and odor concerns. Dozens of species of algae are present throughout the year in high numbers, including five species of cyanobacteria, six species of green algae and diatoms, and one protozoan. The pictures below show the algae species that have contributed to past taste and odor issues.



Microcystis



Ceratum



Gloeotrichia



Fragilaria, Daphnia and Pediastrum

CONSTRUCTION/MAINTENANCE DEPARTMENT

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 $\frac{3}{4}$ " service lines to 1" to comply with the Novato Fire Protection District's requirements 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.



During FY 2013/14, North Marin Water District's Construction crews replaced several water service laterals prior to both City of Novato and Marin County paving projects on Atherton Ave, Santana Rd, Topaz Dr, Clay Ct, Knight Ct, Bishop Ct, Calle De Le Selva, and Sir Francis Drake Blvd in the Pt. Reyes area. We replaced the 6" cast-iron water main on Shields Lane with 8" PVC.

District crews extended the 36" casing at the SMART crossing on Hanna Ranch Road and constructed new mains and fire services at both Novato High School and San Marin High School. The Delong to Cain looping installation was the Construction Crew's biggest job this

year. Crews installed approximately 120' feet of new 12" PVC water main and 200' of 8" PVC from a 12" TEE on Delong Ave to the new 8" main on Machin Ave.

District crews also installed the new 8" main to loop Leveroni Ct to Digital Dr, installed a loop from Delong Ave to Cain Lane, helped with the shut downs on the Aqueduct Energy Efficiency Project, and relocated the 2" main on Gunn Dr.





WATER TRANSMISSION PROJECTS WATER PROJECT (RUSSIAN RIVER) - WATER SYSTEM - 2006.dwg NOVEMBER 18, 2008



Legend	
	Stream Channels used for Public Water Supply
	Water Transmission Pipelines
	North Marin Transmission Pipeline
	Collectors (Pumping Plants)
	Wells
	Booster Stations
	Storage Tanks

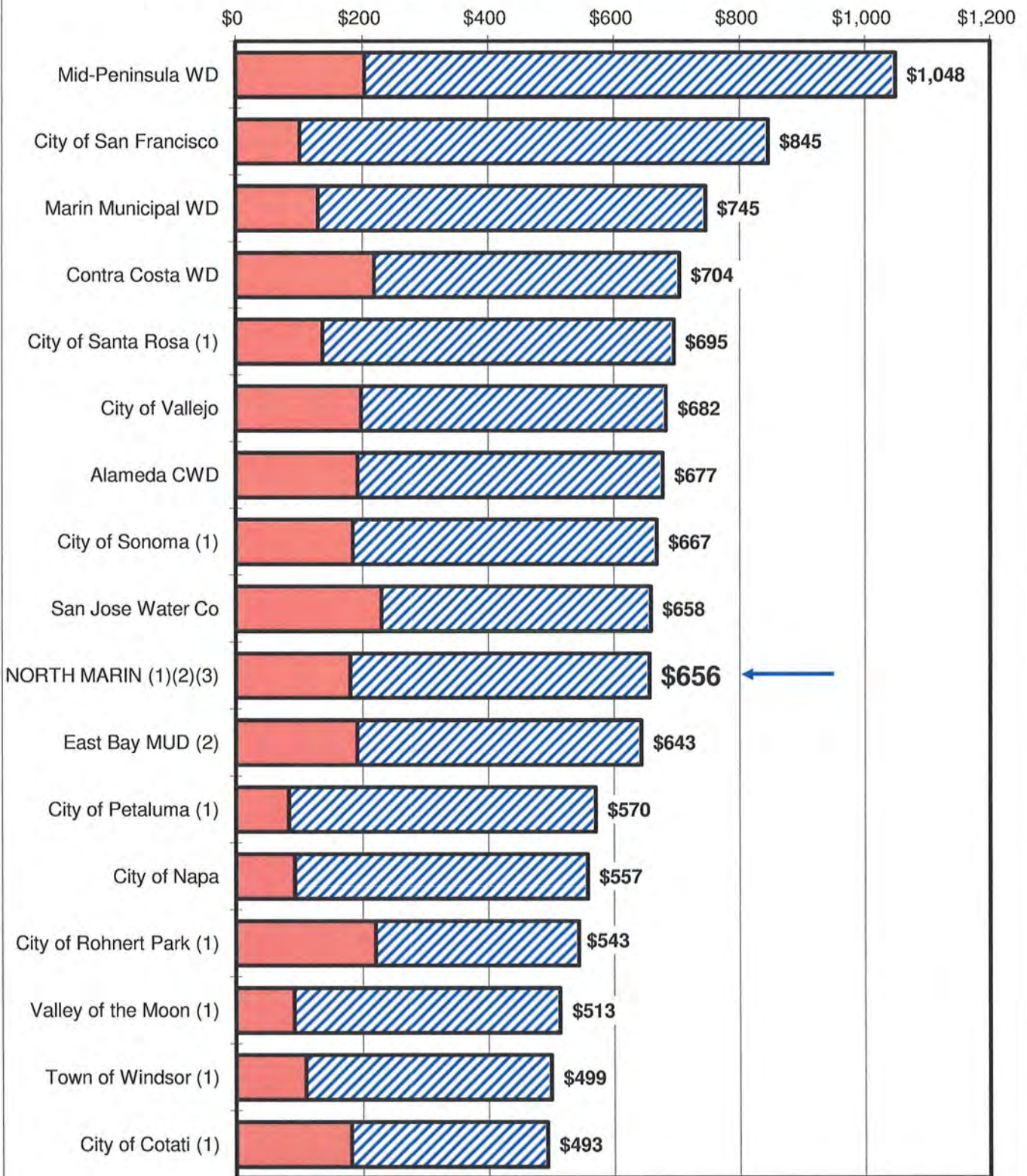


Disclaimer
This map document and associated data are distributed for informational purposes only "AS IS" at the published scale and provided without warranty of any kind expressed or implied. The positional accuracy of the data is approximate and not intended to represent survey map accuracy. The Sonoma County Water Agency assumes no responsibility arising from use of this information.

Russian River Water System

2014 URBAN AREA TOTAL ANNUAL WATER COST COMPARISON

Typical Detached Single-Family Home Annual Consumption = 107,600 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.

CHARACTERISTICS OF SERVICE AREAS

Statistics (at June 30, 2014)	Water		Sewer	Total
	Novato	West Marin	Oceana	
	Potable & RW	Service Area	Marin	
Service Area (Square Miles)	75	24	1	100
Active Connections	20,549	776	229	21,554
Dwelling Units	23,948	822	229	24,999
Estimated Population	61,300	1,700	400	63,400
Average Household Size (People)	2.6	2.1	1.9	2.5
FTE Employees	50.5	-	-	50.5
Fire Hydrants	2,638	167	-	2,805
Miles of Pipeline	326	24	5	356
Storage (million gallons)	38.4	1.0	-	39.4

Annual Water Volumes (MG) (FY2013-14)

Russian River Water Purchases	2,531			2,531
Stafford Water Treatment Plant	479			479
Recycled Water	157			157
Point Reyes Water Treatment Plant		84		84
Oceana Marin Wastewater Treatment			6	6
Total Water Production	3,167	84	6	3,257
RR Water Wheeled to MMWD	2,543			2,543

Annual Budget - FY2014-15

Operating Revenue	\$18,280,000	\$831,000	\$187,000	\$19,298,000
Connection Fees/Misc	10,801,000	71,000	60,000	10,932,000
Grant Proceeds	0	1,286,000	0	1,286,000
Contribution (To)/From Reserves	4,327,000	(1,000)	27,000	4,353,000
Total Sources	\$33,408,000	\$2,187,000	\$274,000	\$35,869,000
Operating Labor	\$5,756,000	\$202,000	\$54,000	\$6,012,000
Other Operating Expense (less Deprec)	7,359,000	281,000	120,000	7,760,000
Capital Expenditures	17,833,000	1,599,000	70,000	19,502,000
Debt Service & Other Expenditures	2,460,000	105,000	30,000	2,595,000
Total Outlays	\$33,408,000	\$2,187,000	\$274,000	\$35,869,000

Annual Water/Sewer Cost (FY2013-14)

to Typical Single-Family Detached Residence				
Service Charge	\$30.00/2 mo.	\$30.00/2 mo.	\$65.00/mo.	
Annual Consumption (Typical)	107,600 gal	59,100 gal		
Wt'd Avg Water Rate / 1,000 gal ¹	\$4.42	\$7.35		
Typical Annual Cost:				
Service Charge	\$180	\$180	\$780	
Commodity Charge	\$476	\$434	\$0	
Allocated Tax ²	\$0	\$54	\$196	
Total Annual Cost	\$656	\$669	\$976	

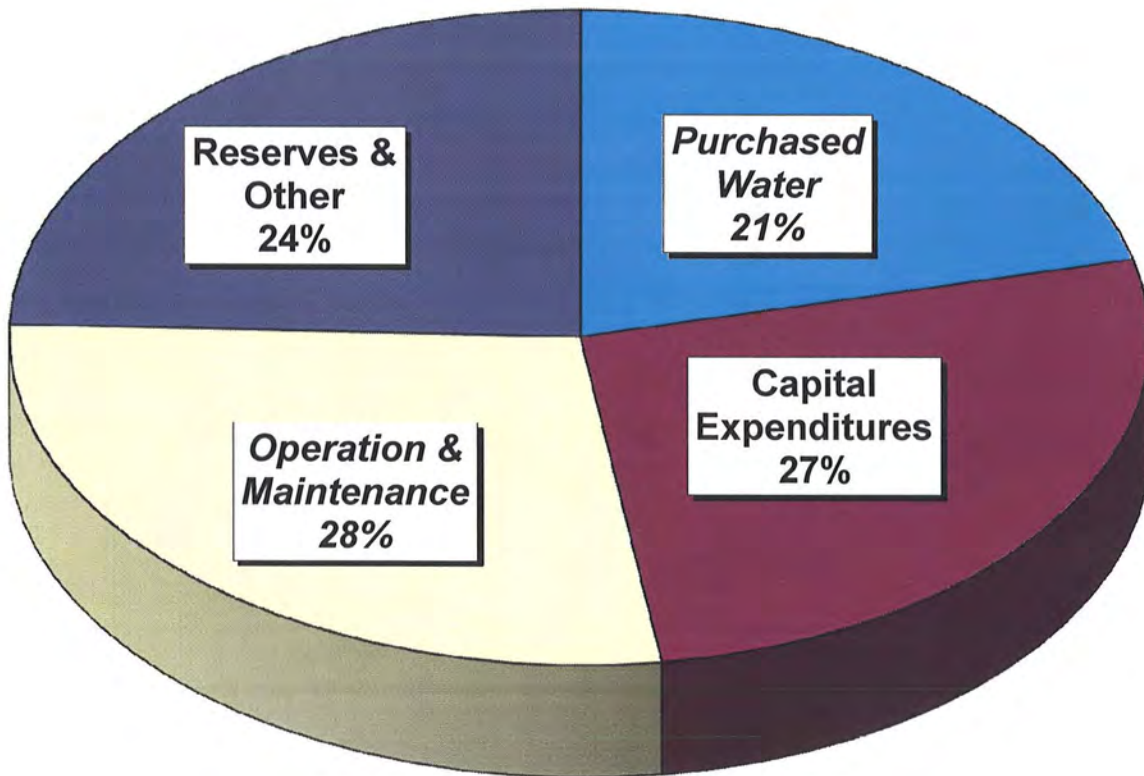
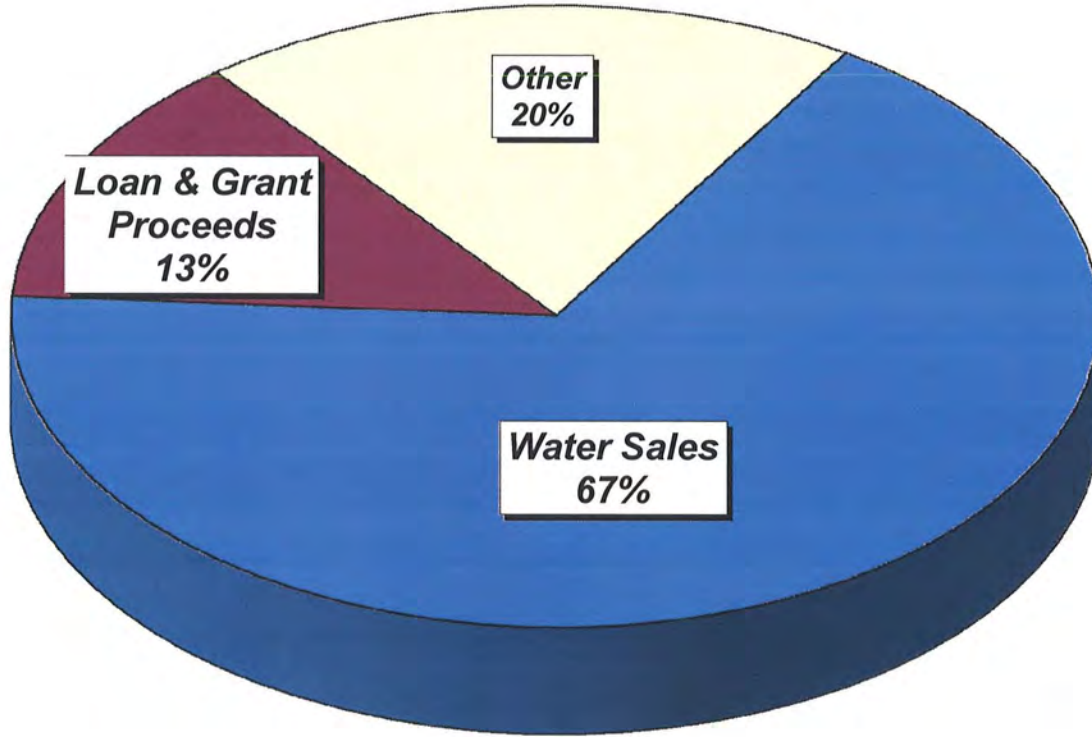
Notes

1 FY14 weighted average commodity rate. Rates vary by elevation zone to reflect different energy, pumping and storage costs. Novato rates ranged from \$4.03 to \$5.57 per 1,000 gallons, and in West Marin from \$6.68 to \$11.14. Average excludes tier rate charges as typical residential consumption is below tier threshold.

2 FY14 allocated share of Marin County 1% ad valorem tax per active connection. Tax is collected by the County and allocated by formula to the West Marin districts.

North Marin Water District - Fiscal Year 2013-14

Source of Funds: \$28.9 Million



Use of Funds: \$28.9 Million

SUMMARY FINANCIAL INFORMATION

June 30, 2014

NET ASSETS

	Total	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer
Assets					
Cash & Investments	14,796,009	12,548,234	1,052,352	912,528	282,895
Receivables & Other Assets	8,178,004	5,548,704	2,405,851	219,880	3,569
Construction-in-Progress	5,449,153	4,922,241	4,024	503,233	19,655
Property, Plant & Equipment (net)	93,247,673	69,244,392	19,041,203	4,124,528	837,549
Total Assets	\$121,670,839	\$92,263,571	\$22,503,430	\$5,760,169	\$1,143,668
Liabilities					
Current Liabilities	\$6,342,488	\$5,432,344	\$782,893	\$116,119	\$11,132
Long-Term Debt	32,224,477	19,505,710	11,691,398	1,027,369	-
Total Liabilities	\$38,566,965	\$24,938,054	\$12,474,291	\$1,143,487	\$11,132
Net Assets					
Invested in Capital Assets	\$100,326,199	\$82,588,899	\$11,685,600	\$4,911,096	\$1,140,604
Restricted & Designated Reserves	14,962,894	13,128,290	786,682	1,007,981	39,941
Earned Surplus	(32,185,219)	(28,391,673)	(2,443,143)	(1,302,395)	(48,008)
Net Assets	\$83,103,874	\$67,325,516	\$10,029,139	\$4,616,682	\$1,132,537

REVENUE & EXPENSE

Operating Revenue	\$20,377,620	\$18,646,875	\$743,424	\$809,210	\$178,110
Operating Expense	17,297,157	15,688,436	784,160	629,019	195,542
Operating Income/(Loss)	\$3,080,463	\$2,958,439	(\$40,736)	\$180,192	(\$17,432)
Non-Operating Revenue/(Expense)	(2,592,175)	(2,360,433)	(253,512)	(23,780)	45,550
Net Income/(Loss)	\$488,288	\$598,006	(\$294,248)	\$156,412	\$28,118

CASH FLOW

Net Income/(Loss)	\$488,288	\$598,006	(\$294,248)	\$156,412	\$28,118
Add Back Depreciation	3,128,301	2,445,635	470,894	154,748	57,024
Cash Generated	\$3,616,589	\$3,043,641	\$176,646	\$311,160	\$85,142

Other Sources/(Uses)

Connection Fees	\$152,800	\$99,600	-	\$22,800	30,400
Capital Asset Acquisition	(5,231,580)	(4,452,583)	(481,850)	(277,492)	(19,655)
Principal Paid on Debt	(1,617,946)	(994,711)	(560,929)	(62,306)	-
Grant Proceeds	479,903	58,799	155,044	266,060	-
Loan Proceeds	3,375,378	-	3,375,378	-	-
Interdistrict Loans	-	4,755,421	(4,755,421)	-	-
Working Capital & Miscellaneous	3,983,054	1,513,743	2,520,749	(46,403)	(5,034)
Total Other Sources/(Uses)	\$1,141,609	\$980,269	\$252,971	(\$97,341)	\$5,711
Net Cash Generated/(Used)	\$4,758,198	\$4,023,910	\$429,617	\$213,819	\$90,853

HISTORICAL STATISTICS

Fiscal Year Ending June 30:		2014	2012	2010	2008
Active Services	-Novato Water	20,505	20,490	20,435	20,366
	-Novato Recycled	44	2	3	1
	-West Marin Water	776	777	769	758
	-Oceana Marin Sewer	229	227	225	223
	Total Active Services	21,554	21,496	21,432	21,348

Full-Time Equivalent (FTE) Employees	50.5	52.5	54.3	58.5
FTE Employees per 1,000 Active Services	2.3	2.4	2.5	2.7
FTE Employees per \$1M Capital Assets	0.35	0.41	0.47	0.55
Miles of Pipeline	356	348	345	341
Storage (MG)	39.4	38.4	37.9	34.8

Water Production (MG)

Point Reyes Treatment Plant	84	78	79	99
Stafford Treatment Plant	479	586	800	712
Recycled Water	157	57	55	47
Russian River Water Purchases	2,531	2,411	1,954	2,736
Total Water Production	3,251	3,132	2,888	3,594
Wheeled to Marin Municipal WD	2,543	1,916	2,189	2,496

Novato Service Area Average Day Potable Water Production (MG)

Annual	8.2	8.2	7.5	9.4
Peak Month	12.4	12.0	11.8	13.6
Peak Week	12.8	12.5	12.3	14.2
Peak Day	14.9	15.4	13.4	15.8

Financial History

Source of Funds

Water Sales	\$19,394,214	\$15,017,396	\$11,999,270	\$11,032,118
Investment Earnings	108,914	109,194	205,905	681,724
Tax Revenue	90,070	101,559	100,220	110,129
Grant Proceeds	479,903	1,548,002	289,400	0
Connection Fees	152,800	1,005,680	1,796,028	1,515,606
Loan Proceeds	3,375,378	10,105,041	0	876,819
Other Sources	5,323,812	1,346,244	1,174,124	870,253
	<u>\$28,925,091</u>	<u>\$29,233,116</u>	<u>\$15,564,947</u>	<u>\$15,086,649</u>

Use of Funds

Purchased Water	\$6,123,015	\$5,047,469	\$3,630,416	\$3,852,900
Operation & Maintenance	8,045,840	7,563,393	9,452,956	8,686,092
Debt Service	2,448,775	1,770,894	1,578,440	865,593
Capital Expenditures	5,231,580	8,706,655	724,948	2,217,669
Other Uses	2,317,683	9,284	1,168,924	1,292,006
Reserves	4,758,198	6,135,421	(990,737)	(1,827,611)
	<u>\$28,925,091</u>	<u>\$29,233,116</u>	<u>\$15,564,947</u>	<u>\$15,086,649</u>

Where We Stand

Assets	\$121,670,839	\$117,946,610	\$95,473,061	\$104,831,135
Liabilities	38,566,965	41,885,220	22,808,499	24,511,345
Net Assets	<u>\$83,103,874</u>	<u>\$76,061,390</u>	<u>\$72,664,562</u>	<u>\$80,319,790</u>

16

MEMORANDUM

To: Board of Directors
 From: David L. Bentley, Auditor-Controller
 Subj: West Marin Drought Surcharge Update
\\aclword\wlr\use\wm\ drought surcharge update.docx

October 17, 2014

RECOMMENDED ACTION: None - Information

FINANCIAL IMPACT: \$37,000 Additional Revenue to Offset Drought Related Costs

The \$2.50/1,000 gallon temporary Drought Surcharge applicable to West Marin Water use effective July 1, 2014 has generated approximately \$27,000 in additional revenue through September 30. The Drought Surcharge will terminate at the end of October. With one more month to go, we project total surcharge revenue of \$37,000. The budget estimate was \$43,000, based on a staff projection that water use would decline 12.5%. Instead, water use has declined approximately 20%.

The Drought Surcharge was implemented to offset both the revenue loss from the mandatory water use restrictions, and the cost of purchasing water from Marin Municipal for release into Lagunitas Creek. The revenue loss is now estimated at \$44,300¹, and the cost of purchased water from Kent Lake is projected at \$6,700², for a total cost of \$51,000.

Summary (Projected)

Drought Surcharge Revenue	\$37,000
Revenue Loss	(44,300)
Purchased Water	(6,700)
Net Drought Related Deficit	<u>(\$14,000)</u>

¹ A 20% reduction in FY14 July through October billed consumption equals 6.5 MG multiplied by the average commodity rate of \$6.82/1,000 = \$44,300.

² 1.98 AF per day for 17 days = 33.66 AF X \$197.60/AF = \$6,700.

17

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



**DRAFT
WATER ADVISORY COMMITTEE
AND
TECHNICAL ADVISORY COMMITTEE**

ITEM #17

MONDAY: NOVEMBER 3, 2014

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

9:00 a.m. Note location

This is a combined WAC and TAC meeting.

1. Check In
2. Public Comment
3. Recap from August 4, 2014 WAC/TAC Meeting and Approval of Minutes
4. Recap from October 6, 2014 TAC Meeting and Approval of Minutes
5. August 24 Napa Earthquake Response
6. Water Supply Coordination Council
7. Water Supply Conditions and Temporary Urgency Change Order
(including report on Water Conservation)
8. FY 2015/16 LRT2 Program Funding
9. 2015 UWMP Water Demand/Water Conservation Forecast Development
10. Biological Opinion Status Update (Including Dry Creek Habitat Enhancement
Project Presentation)
11. 2014 EPA WaterSense Partner of the Year Award (**Photo at end of meeting**)
12. 2015 WAC/TAC Meeting Schedule
13. Items for next agenda
14. Check Out

18

DISBURSEMENTS - DATED OCTOBER 9, 2014

Date Prepared: 10/7/14

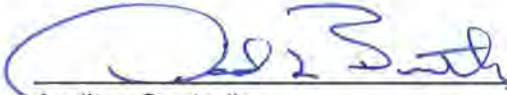
The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:

Seq	Payable To	For	Amount
P/R*	Employees	Net Payroll PPE 9/30/14	\$117,248.92
EFT*	US Bank	Federal & FICA Taxes PPE 9/30/14	49,667.21
EFT*	State of California	State Taxes & SDI 9/30/14	8,537.41
EFT*	US Bank	September Credit Card Fees	2,199.50
1	Aberegg, Michael	Drafting Services: Stafford Flushing Connection	495.00
2	Able Tire & Brake	Alignment ('07 Intl) (\$148), Tires (2) (\$404), Alignment (\$90) & Repair ('07 Chevy Silverado)	672.25
3	ADTS	Supervisor Drug & Alcohol Training DVD Rental	50.00
4	Allied Electronics	RTU Parts	273.90
5	Athens Administrators	Replenish Workers' Comp Account (Venegas) (9/1-9/30/14)	3,508.02
6	AT&T	Telephone Charges: Leased Lines	603.21
7	Automation Direct	RTU Parts	539.50
8	Bay Area Barricade Service	18" Traffic Cones (6) & 18" Broom Heads (6) (\$97)	146.82
9	Bay Alarm	Quarterly Fire Alarm Monitoring Fee (STP) (10/14-12/14)	338.19
10	Bold & Polisner	AEEP Caltrans Reimb - B1 (\$19), Atherton Tank Recoat (\$759), STP Transmission Main (\$129) & Water Shortage Emergency Declaration (\$585)	1,491.50
11	Building Supply Center	Concrete (5 bags)	32.22
12	CalPERS Retirement System	Pension Contribution PPE 9/30/14	41,003.26
13	Coastside Concrete	Refund Security Deposit on Hydrant Meter Less Final Bill	892.63

Seq	Payable To	For	Amount
14	DeGabriele, Chris	Exp Reimb: Sept Mileage	137.20
15	Diggs, James	Retiree Exp Reimb (Oct Health Ins)	1,017.68
16	Doyle, Sheriff Robert	Wage Assignment Order	457.96
17	Ghilotti Construction	Construction on AEEP Reaches A-D/MSN B3 Pipeline Project (Balance Remaining on Contract \$8,431,201)	1,262,069.68
18	Grainger	Scanner Stand (Solar)	132.33
19	Jak Wonderly Photography	Photograph AEEP Reaches A-D/MSN B3 Construction Project (Balance Remaining on Contract \$4,362)	638.00
20	Jim-n-i Rentals	Lifting Ring & Steel Plate Rental (30 Days)	1,361.68
21		Cafeteria Plan: Uninsured Medical Reimbursement	71.65
22	Marin County Recorder	August Official Record Copy (1)	14.00
23	Matchette, Tim	Retiree Exp Reimb (Oct Health Ins)	349.23
24	McLellan, WK	Misc Paving (36 S.F.)	360.00
25	Mitch's Certified Classes	Backflow Prevention & Assembly Certification Training Class (Castellucci) (11/17-11/21)	1,000.00
26	Moore, Doug	Retiree Exp Reimb (Oct Health Ins)	943.40
27	MSC Industrial Supply	PVC Pipe (STP)	27.42
28	Neal, Raymond	Replacement Check: Original Check Issued to Wrong Customer	58.72
29	Novato Builders Supply	Concrete (1 yd)	195.11
30	Novato, City of	Street Excavation Moratorium Fees (1363 Cambridge & 58 Aaron)	1,000.00
31	Novato Sanitary District	Recycled Water July 2014	9,696.32
32	Pace Supply	Elbows (6) (\$320), Couplings (2), Bushings (20), Gaskets (2) & Reducers (2) (\$201)	613.15
33	Peterson Trucks	Mirrors (2) ('12 Intl Dump Truck)	161.71
34		Cafeteria Plan: Childcare Reimbursement	208.33

Seq	Payable To	For	Amount
35	RF MacDonald	Replacement Pump for Diablo Hill P/S	975.72
36	Roberts & Brune	8" Service Saddle (24)	1,359.01
37	Roberts, Renee	Retiree Exp Reimb (Oct Health Ins)	349.23
38	R & S Erection of Santa Rosa	South Gate Repair (Warehouse)	400.00
39	Shirrell Consulting Services	September Dental Expense	6,753.60
40	SPG Solar	Energy Delivered Under Solar Services Agreement (8/1-8/31/14)	12,257.88
41	Syar Industries	Asphalt (7 tons)	831.79
42	Thomas Scientific	Conductivity Standard (Lab)	39.05
43	Township Building Services	Replacement & Installation of Soap Dispenser (STP)	69.01
44	United Rentals	Trench Compactor Foot & Bolts (\$366), Case Cover & Gasket for Trench Compactor (\$154)	520.48
45	United Parcel Service	Shipping Charge for Backflow Tester Calibration	10.35
46	Univar	Sodium Hypochlorite for PRTP	359.00
47	Verizon California	DSL & Telephone Charges: Leased Lines	92.80
		TOTAL DISBURSEMENTS	<u>\$1,532,231.03</u>

The foregoing payroll and accounts payable vouchers totaling \$1,532,231.03 are hereby approved and authorized for payment.

 _____
 Auditor-Controller Date 10/6/14

 _____
 General Manager Date 10/6/2014

DISBURSEMENTS - DATED OCTOBER 16, 2014

Date Prepared: 10/14/14

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

Seq	Payable To	For	Amount
1	Alpha Analytical Labs	Lab Testing	\$425.00
2	Angel, Nancy	Novato "Toilet Rebate" Program	100.00
3	AT&T	Sept Internet Service @ PRTP	78.16
4	AT&T	Telephone Charges: Voice Lines	53.06
5	AWWA CA-NV SEC	Renewal Certification Fee Lab Analyst III (\$55) (Reischmann) (10/14-10/16) (Budget \$60) & Water Quality Analyst Grade I (\$55) (Bena) (4/15-4/17) (Budget \$60)	110.00
6	Backflow Distributors	Test Hose Adaptors for Backflows (\$418) & Calibration for Backflow Test Kit (\$120)	539.08
7	Bay Area Barricade Service	Marking Paint (12-20oz cans)	51.24
8	BlackPoint Tree Service	Remove 7 Dead Pine Trees @ Atherton Tank	3,300.00
9	Bondoc, Shannon	Novato "Toilet Rebate" Program	100.00
10	California State Disbursement	Wage Assignment Order	1,018.50
11	Capitol Enquiry	2015 Pocket Directories & CA State Agency Directory (Young)	55.57
12	Clark, Stephen	Novato "Toilet Rebate" Program	300.00
13	Cope, R Paul	Novato "Toilet Rebate" Program	200.00
14	CPI International	Standards (Lab)	169.93
15	Cummings Trucking	Sand (65 yds)	3,325.97
16	Demetrulias, Diana	Novato "Washer Rebate" Program	50.00
17	DiPesa, Mario	Novato "Cash for Grass" Program	200.00
18	Environmental Resource Assoc	Reference Samples for Quality Control (Lab)	228.40
19	Evoqua Water Technologies	Service on Deionization System (Lab)	221.07

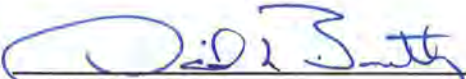
Seq	Payable To	For	Amount
20	Gilliam, Le-Ann	Novato "Washer Rebate" Program	50.00
21	Golden Gate Petroleum	Gasoline (\$3.44/gal) & Diesel (\$3.73/gal)	3,652.48
22	Grainger	Spray Wands (2) (\$91), Extension & Nozzle (\$197) for Vacuum Excavator	390.14
23	Hach	Turbidity Standard (STP)	98.40
24	Hardy Diagnostics	Bacteria Growth Media (Lab)	375.03
25	Hawkins, Tim	Novato "Cash for Grass" Program	250.00
26	Houlahan, Angie	Novato "Toilet Rebate" Program	300.00
27	Jim-n-i Rentals	6' Lift Chain with Latch Hooks Rental	381.00
28	Kaiser Foundation Health Plan	DMV/DOT Physical (Breit)	70.00
29	Kane, Shawn	Exp Reimb: Safety Boots	200.00
30	Kelly, Suzanne	Novato "Washer Rebate" Program	50.00
31	Kuhn, Nancy	Novato "Cash for Grass" Program	400.00
32	Landeros, Dianne	Exp Reimb: Baywork Executive Meeting on 10/9/14 at EBMUD in Oakland. Mileage (\$38) & Bridge Toll.	43.08
33	Liebermann, Daniel	West Marin "Cash for Grass" Program	125.00
34	Lincoln Life	Deferred Compensation PPE 10/15/14	12,620.87
35	Lovi, Michael	Novato "Toilet Rebate" Program	100.00
36		Cafeteria Plan: Childcare Reimbursement	2,145.00
37	Maltby Electric	Cabinet Tool & Electrical Panel (\$1,380) (Winged Foot P/S)	1,441.33
38	Marconi, Bruno	Novato "Washer Rebate" Program	50.00
39	Marin County Ford	Tail Light Assembly (\$69) ('05 Ford Ranger), Air Filters (5) (\$72), Oil Filters (5) (\$23), Motor Oil (33 qts) (\$162) & Transmission Fluid (5) (\$38)	418.13
40	MSC Industrial Supply	Submersible Pump (\$122) & PVC Solvent (\$45) (STP)	167.69


Seq	Payable To	For	Amount
41	Nationwide Retirement Solution	Deferred Compensation PPE 10/15/14	1,025.00
42	Nave Motors	Paint Front Bumper ('09 Toyota Prius)	489.00
43	NCCBG	Refund Excess Advance Over Actual Job Cost (6090-6100 Redwood Lot Line Adjustment)	187.04
44	North Marin Auto Parts	Headlight Bulb & Turn Signal Bulb, Motor Oil (12 gal) (\$157), Oil Drain Plug Gasket, Ratchet Drive Adaptor, Rubber Gloves (600) (\$117), Air Filter, Plug, Shop Rags (60 lbs) (\$119), Alternator (\$79) ('78 Chipper), Gauge & Battery Cable	605.26
45	North Bay Gas	Nitrogen (\$73) & Aug Cylinder Rental	116.50
46	NMWD Employee Association	Dues (8/15-9/30/14)	920.00
47	Novato Disposal Service	September Trash Removal	419.94
48	Novato Unified School District	Clean Diesel Fuel Particulate	250.00
49	Olivier, Al & Pa	Novato "Toilet Rebate" Program	100.00
50	Pace Supply	Meter Stops (64) (\$2,837) & Fire Hydrant Extensions (3) (\$218)	3,056.12
51	NMWD Petty Cash	Safety Bucks (\$6), Safety Snacks (\$27), Bridge Toll, Parking & Breakfast Meeting (\$25)	84.75
52	PG&E	Power: Bldgs/Yard (\$4,500), Rectifier/Controls (\$457), Pumping (\$29,503), Treatment (\$143) & Other (\$110)	34,714.91
53	Pini Hardware	Bolts, Nuts, Concrete Anchors for Hand Rails, Hose Repair Couplings, Deadbolt for Warehouse Office Door, Tap, Muriatic Acid, Brush, Dish Detergent, Extension Cord (STP), Air Hose, Hose Barbs (8) (\$39) (STP), Electrical Supplies (\$70), Pruning Saws (2) (\$39), Adaptor, Elbow, Clamp, PVC Cement, Light Fixtures (2) (\$56), Bolts, Shop Vac Filter & Light Bulbs (3) (\$29) (O.M.)	404.09
54	Point Reyes Light	Display Ad: Salinity Intrusion into Pt. Reyes Well Supply on 9/18	53.34
55	Pollack, Linda	Refund Alternative Compliance Reg 15 Deposit	630.00

Seq	Payable To	For	Amount
56	Ponseti, William	Novato "Toilet Rebate" Ultra High Efficiency	150.00
57	Randall Bros. Automotive	Smog Tests (6) ('07 Chevy Silverado, '99 Ford F350, '08 Chevy Colorado, '04 Chevy Silverado, '01 Dodge Ram & '05 Ford Ranger)	250.00
58	Roberts & Brune	Repair Clamps (4) (8" x 2") (\$1,460) & DCDA Fire Assembly (5) (\$9,597)	11,057.83
59	Ross, Kirstin	Novato "Washer Rebate" Program	50.00
60	Ross, Dina	Novato "Washer Rebate" Program	50.00
61	Sand, Audrey	Novato "Washer Rebate" Program	50.00
62	Schulz-Cevolani, Lisa	Novato "Washer Rebate" Program	50.00
63	Sequoia Safety Supply	Earplugs (200), Leather Gloves (12) (\$75) & Safety Gloves (550) (\$75)	181.35
64	Shirrell Consulting Services	Oct Dental Insurance Admin Fee	293.80
65	Sunvest International	Refund Deposit - New Development Water Conservation Restriction	1,000.00
66	Tarantino, Carlo	Novato "Toilet Rebate" Program	50.00
67	Team Ghilotti	Gallagher Well Pipeline Project Progress Pymt#2 (Balance Remaining on Contract \$523,575)	451,756.65
68	Ultra Scientific	Reference Samples for Quality Control (Lab)	247.30
69	US Bank	Sept Safekeeping Fee: Treasury Securities	121.25
70	Valentine	Refund Security Deposit on Hydrant Meter Less Final Bill	552.63
71	Vali Cooper & Associates	Construction Management Services for Aqueduct Relocation AEEP Reaches A-D/MSN B3 (Balance Remaining on Contract \$939,667)	99,783.50
72	Verizon California	Telephone Charges: Leased Lines	832.50
73	Verizon Wireless	Cellular Charges: Data (\$108), Airtime (\$147) & Cell Phone Case (\$13) (Joe Corda)	268.03
74	VWR International	Chemical Resistant Bottle Identifier Tape (3) (500')	86.93

Seq	Payable To	For	Amount
75	Wilson, Jeffrey	Novato "Washer Rebate" Program	50.00
76	Zerbe, John	Novato "Cash for Grass" Program	400.00
77	Zimmerman, Mindy	Novato "Washer Rebate" Program	50.00
TOTAL DISBURSEMENTS			<u>\$644,241.85</u>

The foregoing payroll and accounts payable vouchers totaling \$644,241.85 are hereby approved and authorized for payment.

 _____
 Auditor-Controller Date 10/14/14

 _____
 General Manager Date 10/13/2014

MEMORANDUM

To: Board of Directors

October 17, 2014

From: David L. Bentley, Auditor-Controller

Subj: Self-Insured Workers' Comp – 1st Quarter Status Report

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RECOMMENDED ACTION: None

FINANCIAL IMPACT: Cumulative Savings of \$498,420

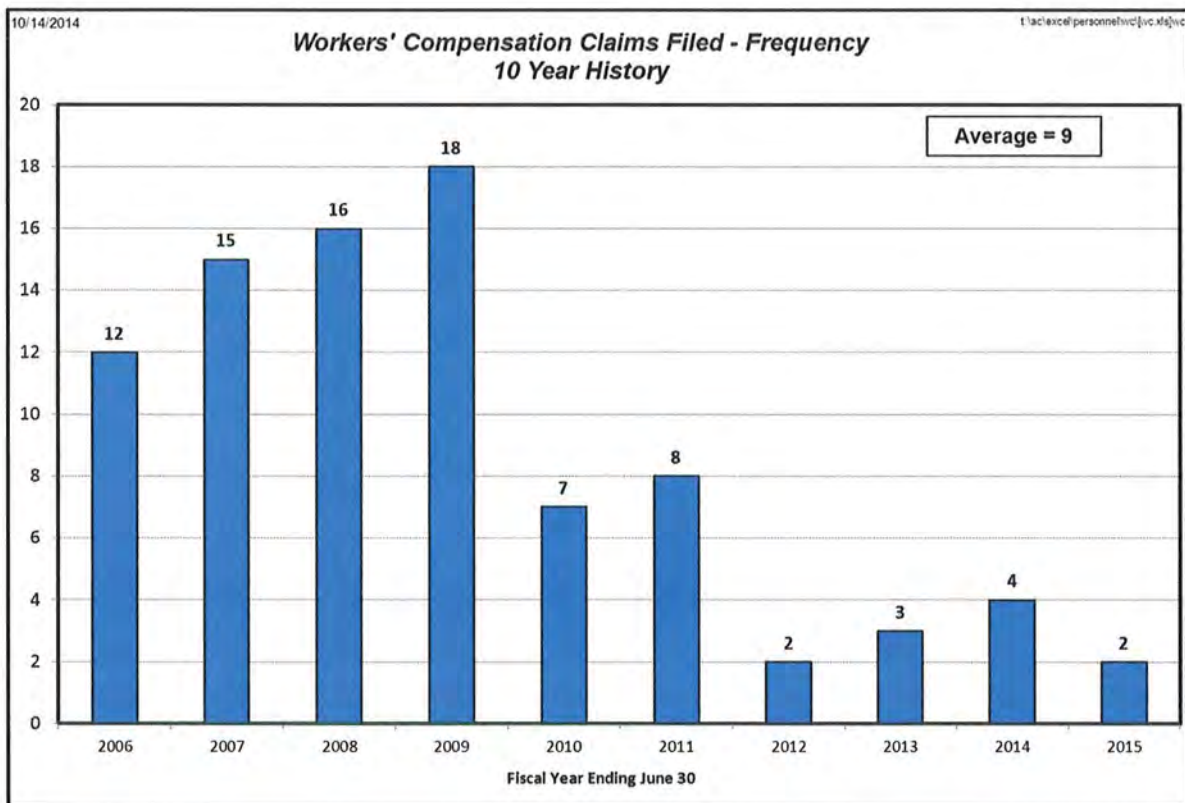
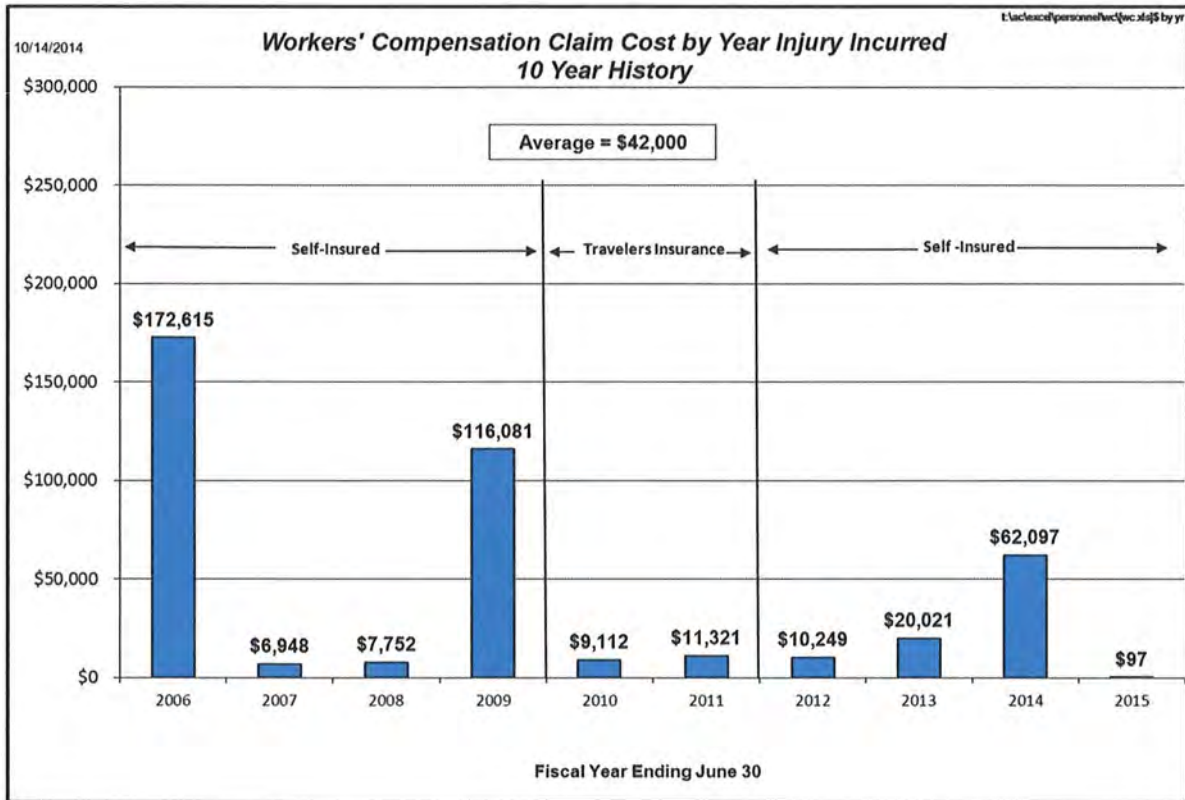
The District returned to self-insuring its workers compensation liability effective July 1, 2011, after the low-cost proposal for first-dollar workers' compensation coverage increased 20% over the prior year, to \$159,331. The avoided-cost in FY12, FY13, FY14 and FYTD15 from self-insuring is calculated at \$450,981. Through the first quarter of FY15, the District incurred two minor claims, which are closed.

Cumulative cost avoided for the thirteen quarters of self-insurance total \$450,981. When the Reserve for Future Medical (which is money not yet paid out) is added, the total cash outlay avoided to date is \$496,087. This cash is set-aside in a reserve for future claims.

Attached are charts showing a 10-year history of annual claims cost (average \$42,000 per year) and 10-year history of claims frequency (average 9 claims per year).

	FY12	FY13	FY14	FY15	Cumulative
Premium Avoided	\$159,331	\$170,574	\$311,764	\$50,931 ¹	\$692,600
Self-Insurance Cost					
Medical/Indemnity Cost	(10,249)	(20,021)	(16,991)	(97)	(47,358)
Third Party Administration	(12,000)	(12,000)	(12,000)	(3,000)	(39,000)
Excess Insurance Premium	(45,546)	(47,762)	(49,276)	(12,677)	(155,261)
Legal/Miscellaneous	0	0	0	0	0
Net Cost Avoided	\$91,536	\$90,791	233,497	35,157	\$450,981
Reserve for Future Medical	0	0	45,106	0	45,106
Total Cash Outlay Avoided	\$91,536	\$90,791	\$278,603	35,157	\$496,087
Interest on Cost Avoided	36	9	1,433	855	2,333
Cumulative Savings	\$91,572	\$90,800	\$280,036	\$36,012	\$498,420

¹ Alaska National Insurance Company proposed \$203,722.



MEMORANDUM

To: Board of Directors

October 17, 2014

From: Nancy Williamson, Senior Accountant

Subj: Information – FY15 1st Quarter Labor Cost Report

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RECOMMENDED ACTION: Information Only

FINANCIAL IMPACT: None

Total labor cost increased \$9,555 (0.6%) from the prior year, same period. Attached in graphical format is a five-year comparative summary of total labor cost (Attachment A), overtime cost (Attachment B) and temporary employee cost (Attachment C) expended during each fiscal year. Also attached is a summary of total labor cost vs. budget (Attachment D), which shows that labor cost came in 16.7% under budget for the first three months of the fiscal year.

Department	Increase / (Decrease) in Labor Cost vs prior FY	% Change
Administration	(\$19,222)	(3.1%)
Engineering	\$31,495	5.1%
Operations/Maint	(\$11,814)	(1.9%)
Construction/Maint	\$9,096	1.5%
Net Increase/(Decrease)	\$9,555	0.6%

Comment on Change from Prior Year

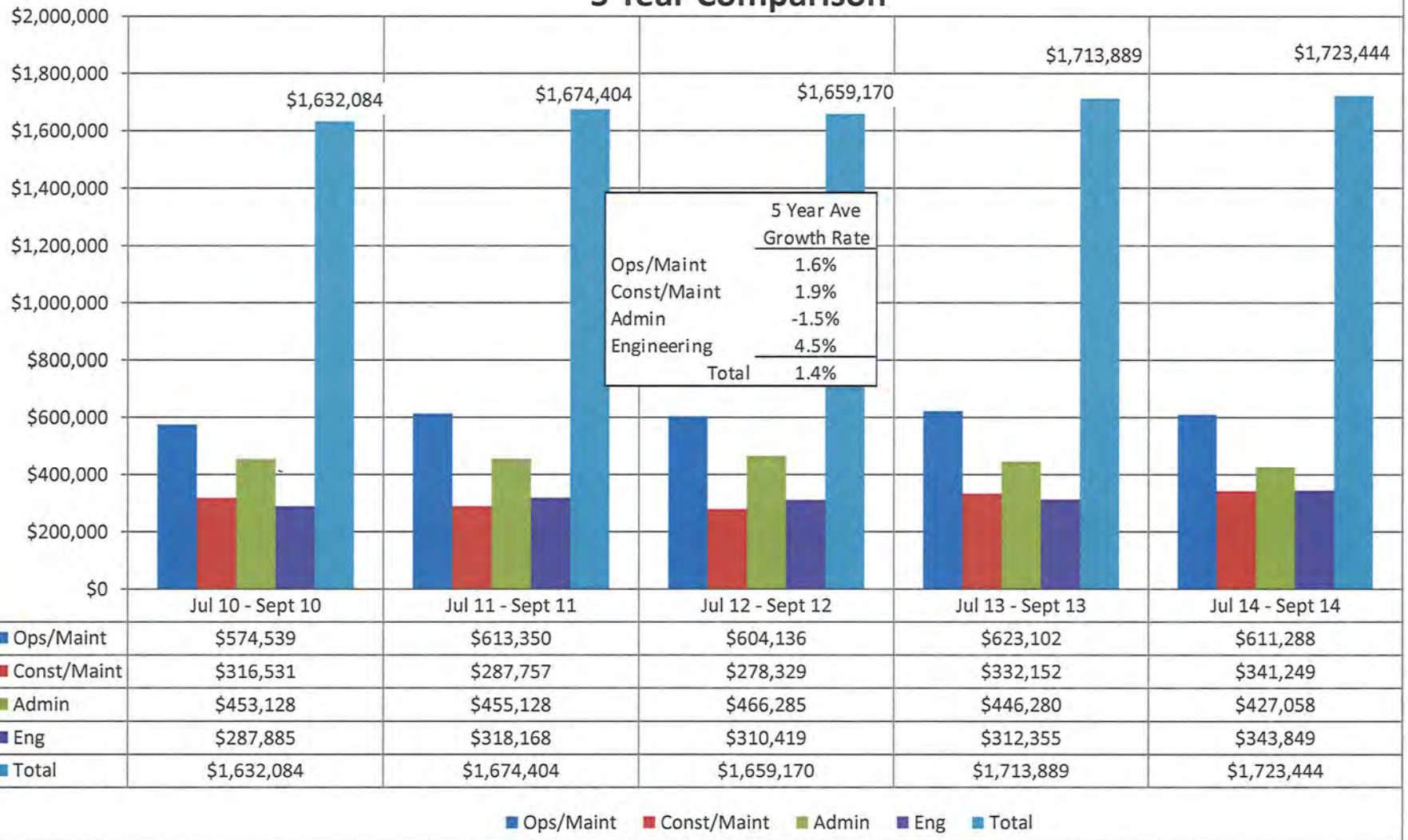
Administration: Labor Cost decreased \$19,222, or 3.1%. The decrease is primarily due Miguel Venegas' absence due to industrial injury beginning June 1, 2014 offset by the 1.76% labor cost increase effective October 1 of 2013.

Engineering: Labor Cost increased \$31,495, or 5.1%. The increase is primarily due to use of more temporary labor and overtime, combined with the 1.76% labor cost increase.

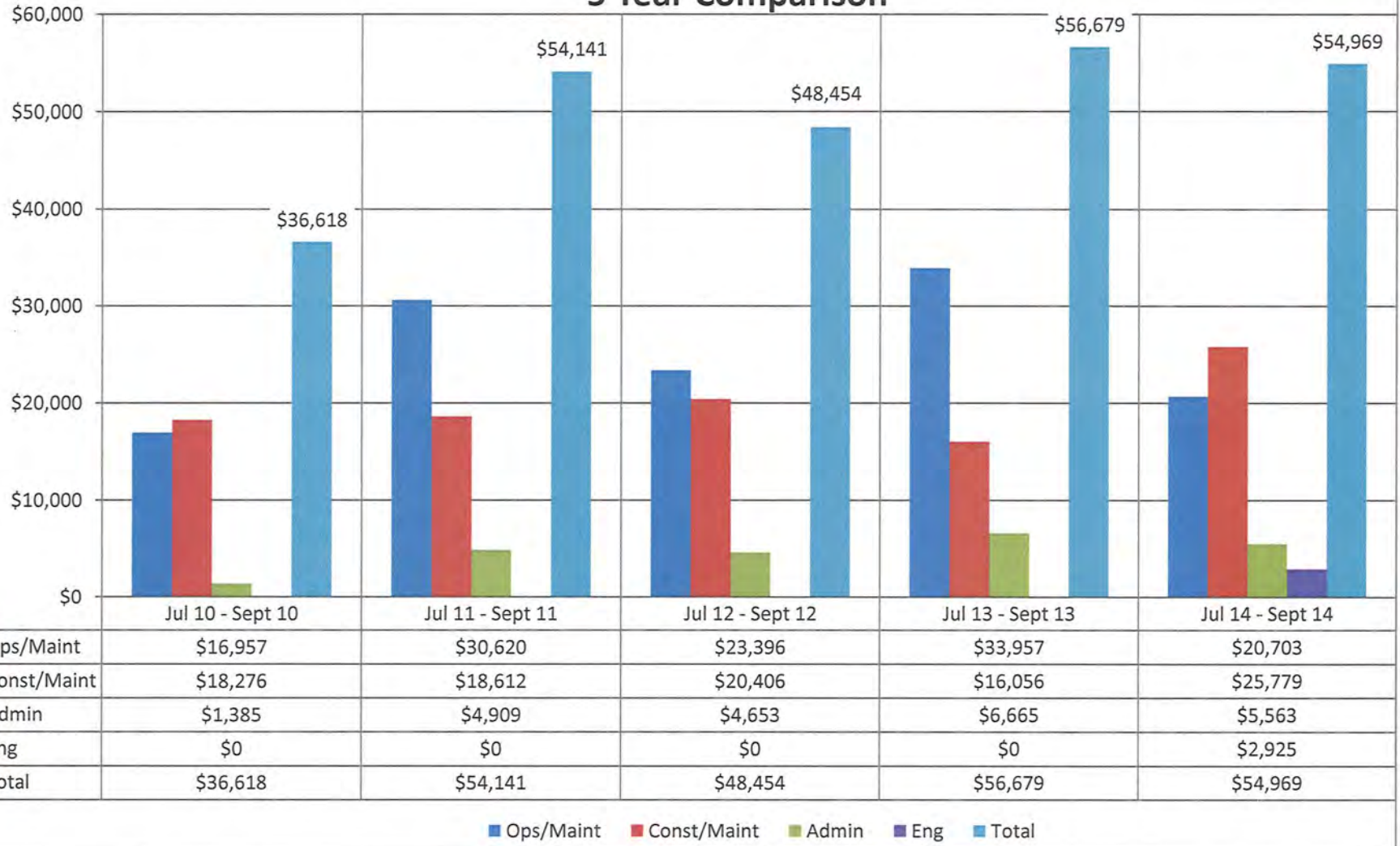
Operations/Maintenance: Labor Cost decreased \$11,814, or 1.9%. The decrease was primarily due the use of less temporary and overtime labor, offset by 3 step increases and the 1.76% labor cost increase.

Construction/Maintenance: Labor Cost increased \$9,096, or 1.5%. The increase was due to more hours worked, 7 step-increases and the 1.76% labor cost increase. The increase was offset by the retirement of Doug Moore on January 7, 2014 and the addition of two laborers at the beginning salary step.

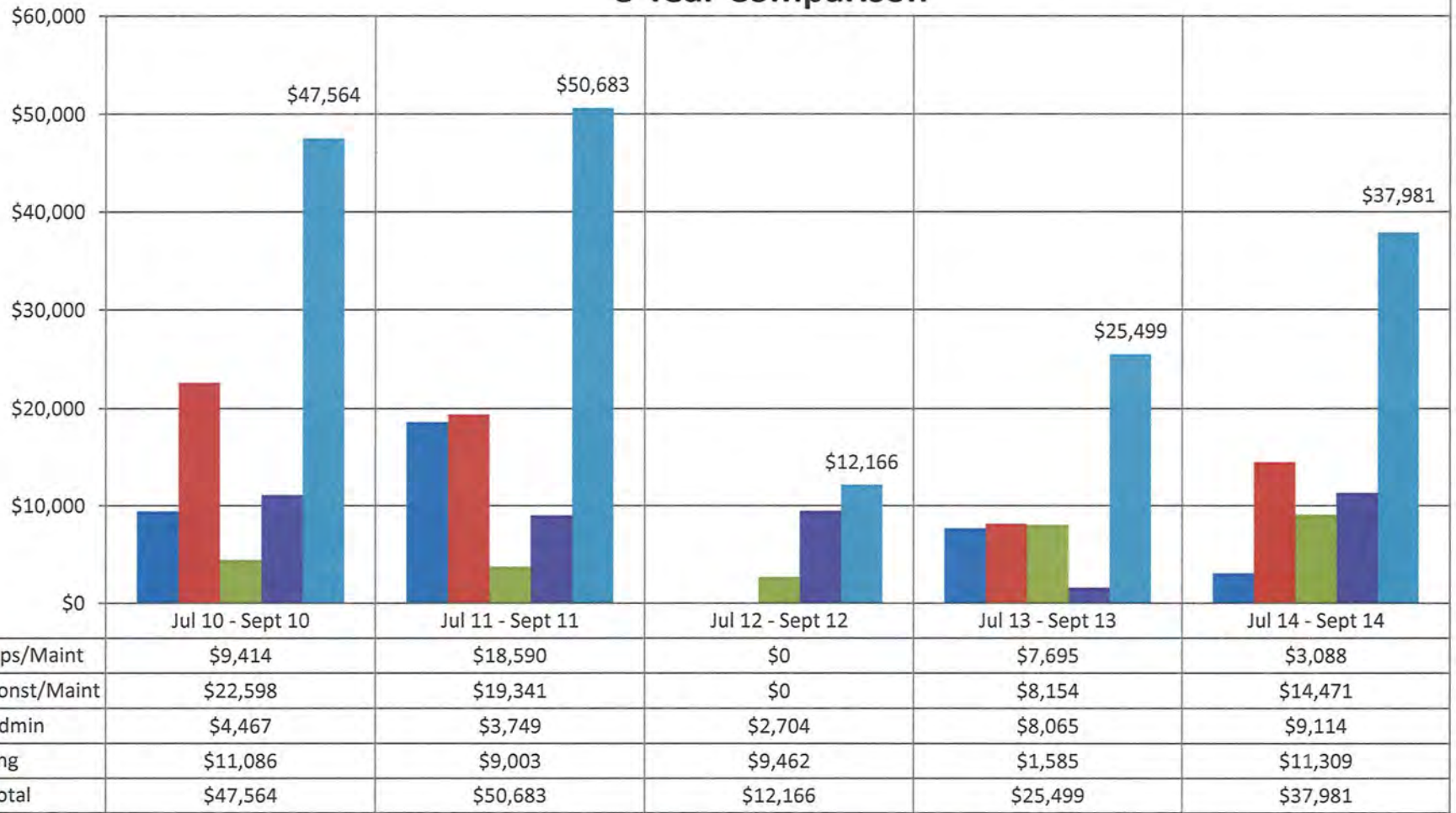
Total Labor Cost NMWD Fiscal Year through September 5 Year Comparison



Overtime Cost NMWD Fiscal Year through September 5 Year Comparison

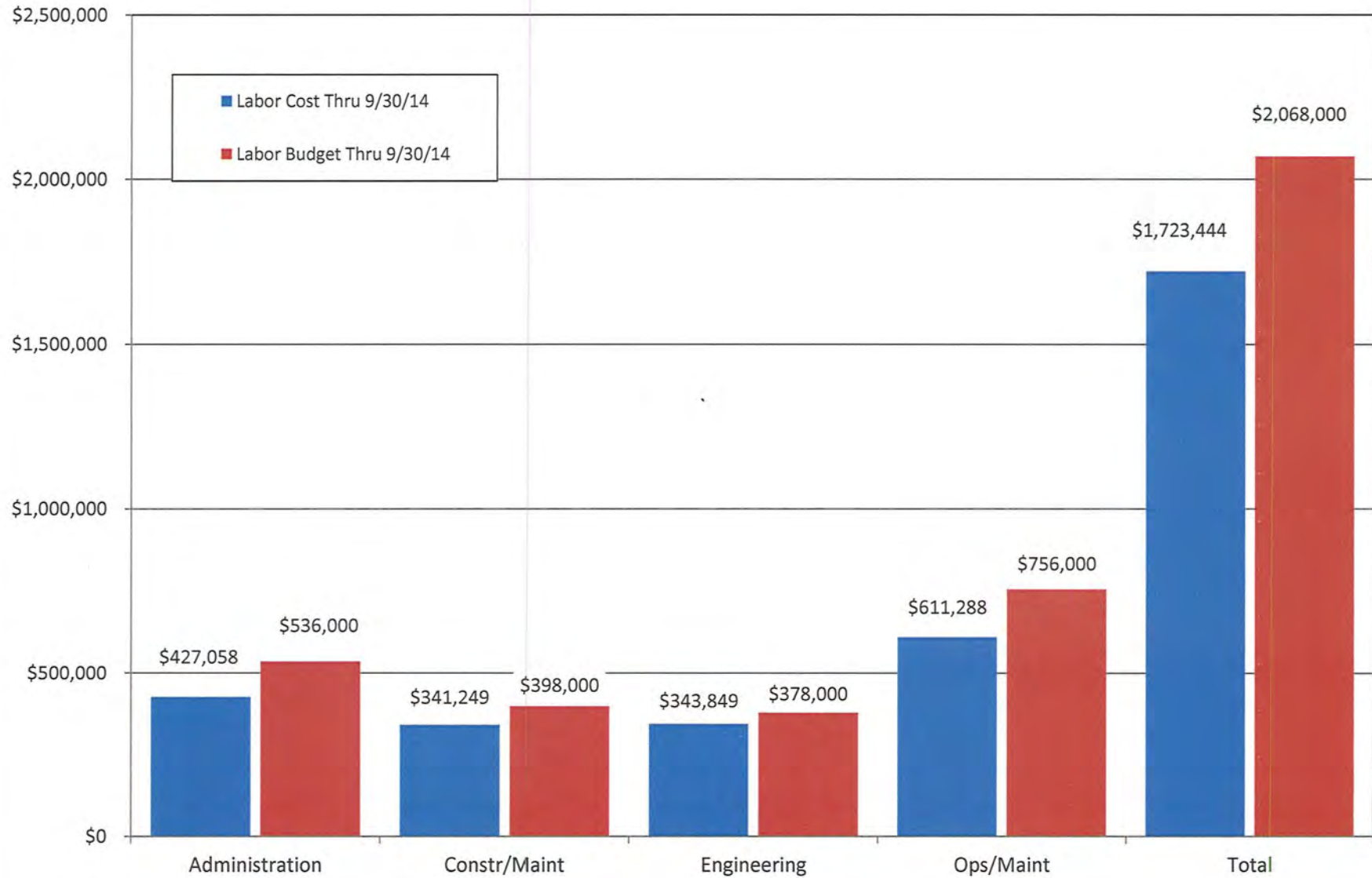


Temporary Employee Cost NMWD Fiscal Year through September 5 Year Comparison



■ Ops/Maint
 ■ Const/Maint
 ■ Admin
 ■ Eng
 ■ Total

Total Labor Cost vs. Budget NMWD Fiscal year through September



Inverness Resident!
(9/18 - 10/9)

For assistance with terai cats
Call 663-8497
PO Box 502 Pt. Reyes Sta., CA 94956

*Pork Chops,
Spinach Salad,
New Red Potatoes, Apples,
Milk, Tea, Coffee*
*requested donation, \$3.00 for
Seniors, \$6.00 for all others*

Harmony Grisman 663-8793
(8/21, 8/28, 9/4, 9/11 - 10/30)

DESIRE TO QUIT?
Nicotine Anonymous Meeting
Tuesdays 7 p.m.
Health & Human Services,
6th & A Streets,
Point Reyes. (m)

Windows anymore. (m)
**Computer Support
& Tutorials.**
Inverness resident & recent college graduate offering computer support and tutorial services to the greater West Marin area. House calls, customized solutions, pleasant service. Mac & PC friendly.
Alex, (415) 669-1421
(11/27)

Free Electronics Recycling
LAPTOP REPAIR SPECIALISTS
www.renewcomputers.com
415-457-8801
CA Lic #100888 • 446 Du Bois St., San Rafael 9

Legal Notices

Fictitious Business Name Statement. File No. 135657. The following person(s) is (are) business as: Adaptive Reuse, 60 Jackson Dr., Novato, CA 94947. This business is conducted by an individual: Catherine Julianne Benke, 60 Jackson Dr., Novato, CA 94947. This statement was filed with the County Clerk of Marin County on September 16, 2014, signed, C. Babbidge, Deputy. Published in the Point Reyes Light September 25, October 2, 9, 16, 2014.

Fictitious Business Name Statement. File No. 135620. The following person(s) is (are) business as: Carolyn Michele Hair, 1440 4th St., San Rafael, CA 94901. This business is conducted by an individual: Carolyn Michele McKinley, 5445 Snyden Ln, #157, Rohnert Park, CA 94928. This statement was filed with the County Clerk of Marin County on September 8, 2014, signed, C. Babbidge, Deputy. Published in the Point Reyes Light September 25, October 2, 9, 16, 2014.

Fictitious Business Name State-

ment. File No. 2014135652. The following person(s) is (are) business as: Twinkle, 40 Belvedere St., Side 4, San Rafael, CA 94901. This business is conducted by a corporation: Twing Incorporated, 40 Belvedere St., Side 4, San Rafael, CA 94901. This statement was filed with the County Clerk of Marin County on September 15, 2014, signed, C. Sanchez, Deputy. Published in the Point Reyes Light September 25, October 2, 9, 16, 2014.

Fictitious Business Name Statement. File No. 135666. The following person(s) is (are) business as: Dipsea Gardens, 3255 Shoreline Hwy, Stinson Beach, CA 94970. This business is conducted by a married couple: 01: Ely Drosihn, 23 Woodstock Ct., San Rafael, CA 94903, 02: Joe Drosihn, 23 Woodstock Ct., San Rafael, CA 94903. This statement was filed with the County Clerk of Marin County on September 17, 2014, signed, C. Babbidge, Deputy. Published in the Point Reyes Light September 25, October 2, 9, 16, 2014.

Fictitious Business Name Statement. File No. 135655. The following person(s) is (are) business as: Marin Golf Clinic, 8 Commercial Blvd., #E, Novato, CA 94949. This business is conducted by an individual: Dina J. Morrison D.C., 1766 Trapper Place, Tahoe City, CA 96145. This statement was filed with the County Clerk of Marin County on September 16, 2014, signed, C. Babbidge, Deputy. Published in the Point Reyes Light September 25, October 2, 9, 16, 2014.

Fictitious Business Name Statement. File No. 135725. The following person(s) is (are) business as: PurePharma, 100 Tiburon Blvd., Mill Valley, CA 94941. This business is conducted by a corporation: Purepharma, Inc., 100 Tiburon Blvd., Mill Valley, CA 94941. This statement was filed with the County Clerk of Marin County on September 24, 2014, signed, C. Sanchez, Deputy. Published in the Point Reyes Light October 2, 9, 16, 23, 2014.

Fictitious Business Name State-

ment. File No. 2014135623. The following person(s) is (are) business as: Real Food House, 1316 San Anselmo Ave., San Anselmo, CA 94960. This business is conducted by an individual: Kelly S Brown, 1316 San Anselmo Ave., San Anselmo, CA 94960. This statement was filed with the County Clerk of Marin County on September 9, 2014, signed, S. Olivia, Deputy. Published in the Point Reyes Light October 2, 9, 16, 23, 2014.

Fictitious Business Name Statement. File No. 2014135663. The following person(s) is (are) business as: 01: Mill Valley Auto Service, 242 Shoreline Hwy, Mill Valley, CA 94941, 02: Mill Valley Auto, 242 Shoreline Hwy, Mill Valley, CA 94941. This business is conducted by an individual: Paul Haddad, 33 A Circle Dr., Tiburon, CA 94920. This statement was filed with the County Clerk of Marin County on September 16, 2014, signed, S. Olivia, Deputy. Published in the Point Reyes Light October 2, 9, 16, 23, 2014.

Fictitious Business Name Statement. File No. 2014135731. The following person(s) is (are) business as: Shabby Chic Restore, 138 Hamilton Dr., Unit B, Novato, CA 94949. This business is conducted by an individual: Loren A Zirbel, 138 Hamilton Dr., Unit B, Novato, CA 94949. This statement was filed with the County Clerk of Marin County on September 24, 2014, signed, S. Olivia, Deputy. Published in the Point Reyes Light October 2, 9, 16, 23, 2014.

Fictitious Business Name Statement. File No. 135665. The following person(s) is (are) business as: 01: EcoSphere One Media, 99 Dominga Ave. Fairfax, CA 94930, 02: Energy EcoSphere, 99 Dominga Ave. Fairfax, CA 94930. This business is conducted by a limited liability company: EcoSphere One LLC, 99 Dominga Ave., Fairfax, CA 94930. This statement was filed with the County Clerk of Marin County on September 17, 2014, signed, C. Babbidge, Deputy. Published in the Point Reyes Light October 9, 16, 23, 31, 2014.

Fictitious Business Name Statement. File No. 135772. The following person(s) is (are) business as: Classy Fit Boutique, 89 Cole Dr., #14, Sausalito, CA 94965. This business is conducted by an individual: Lakiesha Jones, 89 Cole

Dr., #14, Sausalito, CA 94965. This statement was filed with the County Clerk of Marin County on October 1, 2014, signed, C. Babbidge, Deputy. Published in the Point Reyes Light October 9, 16, 23, 31, 2014.

Notice:

Salinity intrusion into the Point Reyes well supply serving the West Marin communities of Point Reyes Olema, Inverness Park, and Paradise Ranch Estates has occurred beginning on September 16, 2014 and has caused sodium levels to increase from background levels of 15-30 milligrams per Liter (mg/L). The table below lists the most recent concentrations for sodium in the West Marin water supply:

Date	Chloride	Sodium	Units
10/7/14	110	50	mg/L
9/30/14	140	52	mg/L

*milligrams per liter

Chris DeGabriele, General Manager
North Marin Water District

Pt. Reyes Light
Salinity Notice
10/7/14

Future of Stafford Lake Park to be discussed Oct. 15

By Marinscope staff | Posted: Wednesday, October 8, 2014 4:08 pm

The Marin County Parks Preservation and Recreation Department will host a community meeting to discuss the future of Stafford Lake Park on Wednesday, Oct. 15 from 7-8:30 p.m. at the Margaret Todd Senior Center.

The meeting will take place in the Hill Room.



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BREAKING NEWS

(<http://www.marinij.com/>)

Huffman faces GOP congressional challenger in heavily Democratic 2nd district

By Richard Halstead

(mailto:rhaldstead@marinij.com?subject=Marin Independent Journal:)
(mailto:rhaldstead@marinij.com?subject=Marin Independent Journal:)
rhaldstead@marinij.com (mailto:rhaldstead@marinij.com) @HalsteadRichard on Twitter

POSTED: 10/09/2014 04:23:15 PM PDT

0 COMMENTS

Rep. Jared Huffman says he isn't underestimating his Republican opponent in the Nov. 4 election.

"The thing about this job is you have to reapply for it every two years," said Huffman, D-San Rafael, who is finishing his first term. "You have to take that seriously."

Huffman's opponent, Republican Dale Mensing, 56, lives in Garberville in rural Humboldt County and works as a grocery store cashier; he has no previous political experience. It has been difficult for Mensing to get his message out; he has attracted few campaign contributions.

"We just went over the \$5,000 mark a couple of weeks ago," Mensing said during a brief telephone conversation Tuesday. "I haven't received any contributions larger than \$150."

By comparison, by the end of June, Huffman, 50, had collected \$712,000 in contributions and had cash on hand totaling \$333,255.

The two are contending in the 2nd Congressional District, which includes Marin and five other counties between the Golden Gate Bridge and the Oregon border.

The district includes some 392,452 registered voters; 49.1 percent are Democrat, 21.3 percent Republican.

Mensing said he had only a minute to talk because he was on his way to a town hall meeting in Hayfork, in Trinity County. Thanks to the Internet, however, Mensing has been able to record his own guerrilla political ad on YouTube. It features Mensing speaking in the forest with a giant redwood tree as a backdrop.

Advertisement

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Democrat Jared Huffman is seeking his second term... (Robert Tong — Marin Independent Journal)

1 2 2

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News



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Crowdynews

In the video, Mensing uses a quote from an episode of "The Andy Griffith Show" to illustrate how he feels about Obamacare. In the episode, when advising his fictional son, Opie, on

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how to deal with a bully, Griffith says, "millions for charity but not a penny for tribute."

Mensing says in his video, "That struck me as the perfect summation of the contrast between the spirit of giving that comes from freedom's bounty and the rightful spirit of resistance that is the result of undue government encroachment."

Mensing goes on to assert that the primary purpose of Obamacare is the fundamental transformation of the United States — "a giant step toward tyranny."

Huffman said, "That is just absolute nonsense." Huffman says the effects of Obamacare have been largely positive, "but it's not perfect."

He added, "I've been very active in trying to pressure solutions to the narrow network problem that we've seen in Marin and throughout my district."

Huffman said complaints he levied have helped lead to a Department of Managed Health Care investigation of Anthem Blue Cross.

In his campaign statement, Mensing says he will "strongly defend your right to keep and bear arms," and "will work to prevent Common Core's One World Order education concepts from dominating our area's famed independent way of thinking."

Huffman said, "This is the problem when people bring a big suitcase full of ideology into serious issues. The Common Core is not some take-over-the world conspiracy; it was actually a Republican idea."

Mensing's ideas on energy, however, might surprise some Republicans. He wants government to withdraw all financial support to the fossil fuel industry and nuclear power; and he advocates harnessing ocean wave energy.

Huffman said, "Well, I certainly want to remove the subsidies for fossil fuel, so we can agree on that. Wave energy is one of many technologies that I think over time can replace fossil fuels; but it is no silver bullet."

Huffman, a former Marin Assemblyman who replaced longtime Rep. Lynn Woolsey, said that despite the fact partisan gridlock has made this Congress the least productive in American history, he is proud of a couple of accomplishments during his first term.

He said his efforts resulted in the addition of the Point Arena-Stornetta Public Lands, 1,665 acres along the Mendocino coastline, to the California Coastal National Monument. And legislation he authored led to stiffer federal sentences for trespass marijuana grows that cause environmental destruction on public and private

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Sep 11:

- [Marin Voice: Unproductive Congress approaches November elections](#)



Be Here Then

Be Here ~~Now~~ THEN

by Dewey Livingston



N.W.P. R.R. STATION, PT. REYES STATION, CALIF. 5452

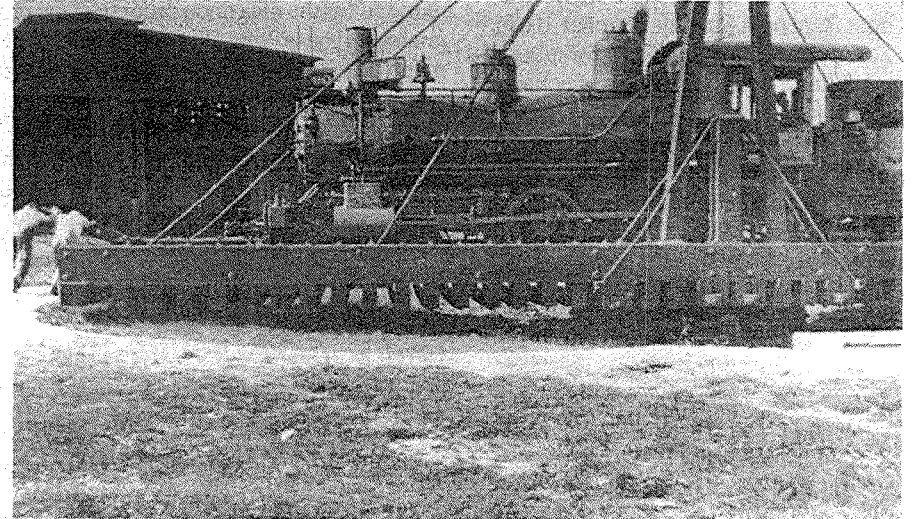
TRAIN TIME AT POINT REYES STATION: The town remained busy through the 1920s until the stock market crash wreaked havoc on local and national economies. Visitors poured in by both train and car, and the automobile won: in the later 1930s this scene would show an abandoned depot and nary a railcar in sight...



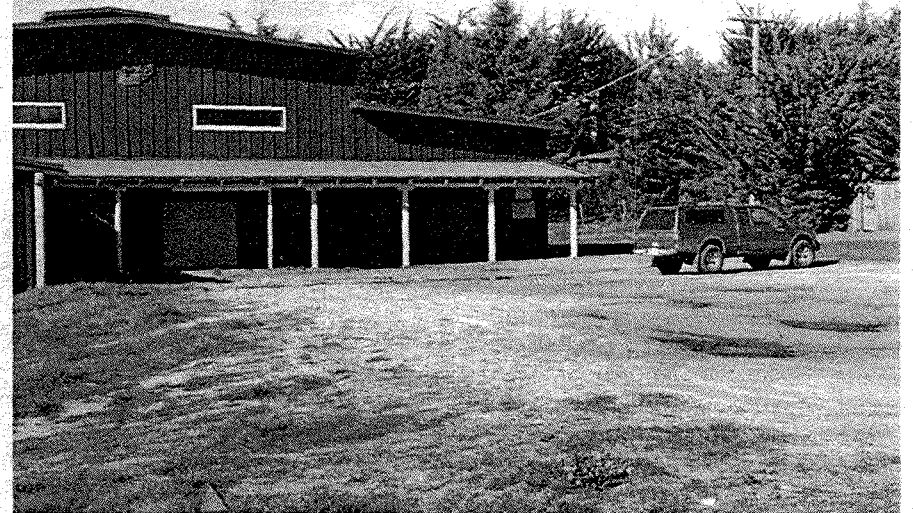
... while today the town is booming again. The depot is now the post office and Toby's Feed Barn occupies part of the former rail yards. The top photo is courtesy of the Jack Mason Museum of West Marin History.

Be Here ~~Now~~ THEN

by Dewey Livingston



POINT REYES TURNTABLE: The Northwestern Pacific Railroad built an engine house on the north end of town in 1920, and moved the turntable there from the south side. Here, a couple of men (at far left) could turn a locomotive with sheer sweat. These rail yards were busy until service shut down in 1933...



... Today motorists use the open area in front of the old engine house building to turn around their cars! The top photo is courtesy of the Jack Mason Museum of West Marin History.

estar sobre la mesa.

Otro plato muy popular entre los afro-americanos es el "chitlins." En tiempos de la esclavitud, a los esclavos se les daba los restos de carne que eran indeseables para el amo. Carne como las colas de buey, los pies de cerdo, los cuellos de pavo, las orejas de cerdo, etc. A fin de que estos alimentos tuvieran buen sabor, los esclavos utilizaban varias especias y técnicas para cocinarlos.

abuela o bisabuela añade una cucharada extra de grasa de cerdo o una taza extra de azúcar constantemente, lo que me recuerda que este "extra" de algo y eso adicional, es el secreto oculto que lo hace tan especial. Después de cocinar, nos sentamos alrededor de la mesa y damos gracias. Nos reímos, y hacemos bromas constantemente ya que siempre hay algún niño en la familia que se golpea con una cuchara de madera o algo

family's history and my culture started.

I am a descendant of African slaves. My original culture was taken from me; nevertheless, three things are still very important to me from my cultural roots: the history, the gastronomy and the music. In my home, the aroma of what is known as soul food remains in the air. Especially during holidays, family reunions which consist of diverse dishes such as black eye peas, yams, sweet

"hmmm... mom, it tastes so good. What is it?" She smiled and said, "the intestine: pigs." Immediately we spit out what we had in our mouths and she, nodding her head, reminded us that you can always make something out of nothing and all you have to do is add flavor to your life.

The food is a very important part of our culture and it's a pleasure seeing how my grandmother or great grandmother add extra spoonful of pigs fat or an extra cup of sugar constantly, which reminds me that that "extra" of something, is the hidden secret that makes it so special. After cooking we sit around the table and give thanks, laugh and joke around constantly since there's always a kid in the family that teases themselves with a wooden spoon, or something like that, and we laugh again and continue along our celebration sharing traditional food.

Music and dance are also very important in my culture. In my house, jazz, R&B and rap are the favorite types of music. The sound of the music always has a history, a rhythm or tempo. In times of slavery, music and dance were a way the slaves communicated. The music was a source of happiness and therefore, an essential part of my culture.

The history, the food, and the music that united the African slaves from Africa and from those whom they were enslaved. And, as an African American, I am, these three elements are symbols that help and make my family and myself happy and grateful to feel love towards our culture and embrace it, since I am a descender of African slaves. It doesn't matter that the original African culture had been partially taken away from me. Parts of it are still a part of my shape and me who I am.

This essay was translated by Julia Bravo, Yadira Flores and Carmen Mercader.

West Marin Citizen

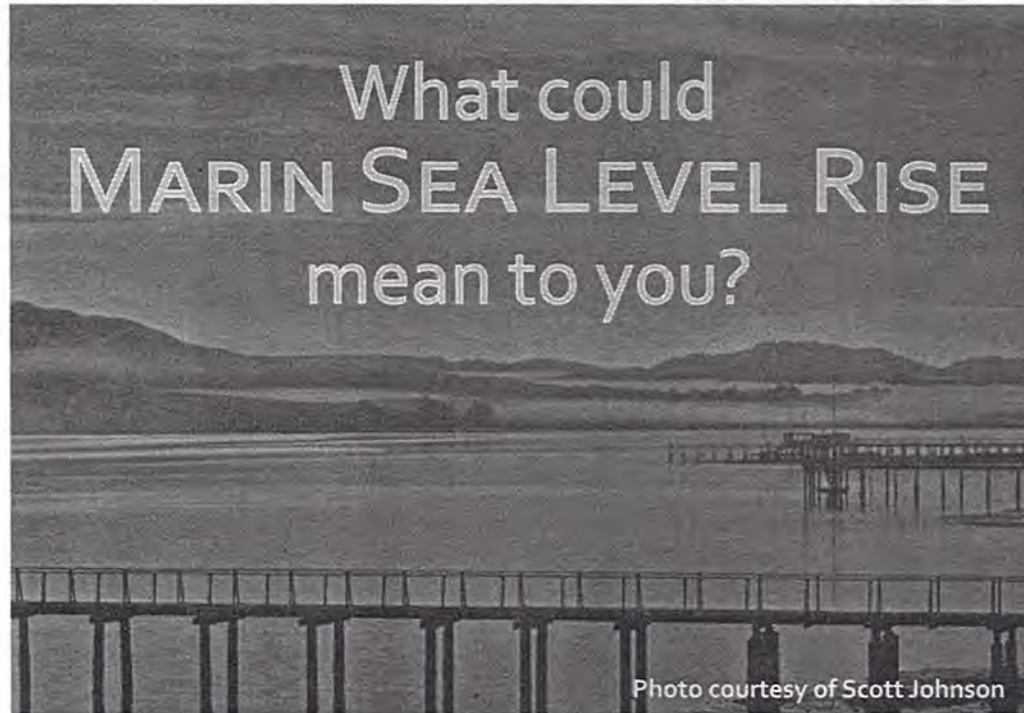


Photo courtesy of Scott Johnson

What could MARIN SEA LEVEL RISE mean to you?

PUBLIC WORKSHOPS COMMUNITY ASSETS AND VULNERABILITIES

TUES. 10/28/14
6:00 pm to 8:00 pm
INVERNESS YACHT CLUB
12850 Sir Francis Drake Blvd
Inverness, CA 94937

WED. 10/29/14
6:00 pm to 8:00 pm
STINSON BEACH
COMMUNITY CENTER
32 Belvedere Ave.
Stinson Beach, CA 94970

THUR. 10/30/14
6:00 pm to 8:00 pm
TOMALES TOWN HALL
27150 Highway One
Tomales, CA 94971

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(C-SMART) Collaboration: Sea-level Marin Adaptation Response Team

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that makes the Marin Coast
a special place!

Light refreshments will be served.

Staff contact: Alex Westhoff
awesthoff@marincounty.org
(415) 473-7874

All public meetings and events sponsored or conducted by the County of Marin are held in accessible sites. Requests for accommodations may be made by calling (415) 473-4381 (Voice) 473-3232 (TDD/TTY) or by e-mail at disabilityaccess@marincounty.org at least four work days in advance of the event. Copies of documents are available in alternative formats, upon request.

Sonoma to consider hiking water rates

BY ELOÍSA RUANO GONZÁLEZ THE PRESS DEMOCRAT on October 15, 2014, 8:09PM 10/15/2014 Updated 58 minutes ago.

In an attempt to reduce water use during California's severe drought, Sonoma's City Council will consider raising water rates next month and imposing a new tiered-pricing system that puts the financial squeeze on the city's heaviest water users.

City officials said the rate hike is designed to encourage residents to cut water consumption at a time when the state is wrestling with one of its worst droughts in decades.

"That's the main purpose," Public Works Director Dan Takasugi said.

"We're steepening the conservation tiers to put a little bit more of the cost burden on what we call the heavy water users," he added. "We're trying to lessen the burden on the (customers) that use less water and conserve more."

Still, average households will feel the hit.

If the proposal is approved, the average monthly water bill for a single-family residence would climb from \$79.66 to \$102.22 over a five-year span, an increase of 28 percent.

Businesses also would see a significant hike. For example, the average monthly bill for a restaurant would increase by nearly 40 percent, to \$468.30, in the same time frame.

Council members will hold a public hearing on the proposed rate increase at 6 p.m. Nov. 17.

While customers' rates haven't increased in the past two years, Takasugi said the city has been paying about 4 to 5 percent more each year for the water it buys from the Sonoma County Water Agency. About 95 percent of the city's water comes from the agency.

The city needs to increase its water rates, along with its service and one-time connection fees, to offset the growing cost of water it buys, Takasugi said. It also needs \$7.6 million to cover maintenance and capital improvement projects over the next five years, he added.

For example, water mains and service lines on West Napa Street need to be replaced.

"They're getting very old and leaking," Takasugi said, adding it could cost more to fix in the future if the city doesn't come up with the money.

If approved, Takasugi said the new rates and fees would kick in sometime in January or February.

Two years ago, council members shot down a similar measure to raise water rates by at least 25 percent over five years — even after a water-rate study reported that the existing rate structure would not be sustainable in the future. Council members were concerned the city had not explored other options.

“There was opposition at that time from the public,” Mayor Tom Rouse said about the 2012 proposal.

He expects a similar response this year, adding that he needs to do more research before he decides how to vote on the proposal next month.

“We have to look at the cost of operations and understand what that means to the users,” said Rouse, who opposed an increase two years ago.

Commercial users currently make up 11 percent of the city’s 4,200 accounts, while single-family and multifamily residences make up 86 percent.

Councilwoman Laurie Gallian, who also opposed a rate increase in 2012, said the new proposal “represents a fairer picture than what we have looked at in the past.” It gives customers a better idea of how much they’re using and puts the biggest pressure on heavy users with the additional rate tiers proposed, she explained.

“A lot of this is (about) dealing with the water you can control, which is around landscape,” she said, adding, “People need to be educated on what their water issue is.”

You can reach Staff Writer Eloísa Ruano González at 521-5458 or eloisa.gonzalez@pressdemocrat.com.

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Sonoma County unveils proposed rules for new wells

BY ANGELA HART THE PRESS DEMOCRAT on October 13, 2014, 7:31PM 10/13/2014

Sonoma County planning officials on Monday unveiled the most significant changes in nearly 40 years to the county's underground well ordinance, which sets in place rules property owners must follow when drilling a new water well.

The proposed changes would prohibit new wells from being installed within 30 feet of streams. They would also prevent new wells from being drilled within between 20 feet and 100 feet of existing wells, depending on the ground water basin. The rules would also ban well drilling into streams.

The changes, slated to go before the Board of Supervisors early next year, would not affect the estimated 40,000 wells that now exist outside of city limits or establish a limit on the number of new wells permitted by the county.

County planning officials said the proposed revisions — to a well ordinance adopted in 1978 — have been on the drawing board for years, before the onset of the current drought. The goal is to prevent new wells from sucking streams dry and diminishing connected underground supplies. The rules are also intended to shield streams from sediment and other pollution that can be unleashed during well construction.

“Right now you can drill and pump as much as you want,” said Nathan Quarles, an engineer with the county's Permit and Resource Management Department. “Some of that is causing harm to fisheries.”

The county is seeking public input on the revised rules through a series of meetings this week. Tuesday's meeting, from 9 a.m. to noon, and Thursday's, from 5 p.m. to 8 p.m., are at the Permit and Resource Management Department, 2550 Ventura Ave. Santa Rosa.

The federal agency in charge of salmon and steelhead recovery is taking issue with revisions, contending the 30-foot setback may not do enough to protect imperiled fish species. Wells in some areas should be further away from streams to protect surface- and sub-surface flows, a federal biologist said.

“The closer a well is located to a stream, the more likely it is that the user is drawing down water that helps supply the stream channel, and very quickly you can see the water levels go down as you pump,” said Rick Rogers, a biologist with the National Marine Fisheries Service. “Drawing down water from riparian areas can interrupt the recharge of cold water that is especially critical during summer months for juvenile steelhead and salmon.”

Jennifer Barrett, the deputy director for planning at PRMD, said the county's general plan, adopted in 2008, allows for development of new well regulations to improve data collection and conserve surface and underground water supplies.

Tito Sasaki, president of the Sonoma County Farm Bureau, said he hasn't identified any specific problems with the proposed well rules. He said his organization is studying the revisions to identify conflicts with other looming regulations. Those include the rules on groundwater pumping — required by recently approved state legislation

— and the county’s proposal to establish 50- to 200-foot setbacks along 3,200 miles of streams to shield them from development and agriculture.

“We’re paying attention to the well ordinance because underground water is extremely important for farmers,” Sasaki said. “When we don’t have other sources of water, we have to depend on groundwater.”

The narrower streamside setbacks for new wells would permit drilling activity within the riparian buffer zones the county is considering for adoption this year. That allowance that could spark opposition from environmentalists and others who are urging the county to establish strong protections for waterways and wildlife.

Quarles said the well ordinance would not result in monitoring of aquifer levels or set restrictions on pumping. Those measures could come under the new state groundwater laws, which require the county to have management plans in place for its groundwater basins.

Sonoma County has adopted two groundwater management plans, one for the Santa Rosa Plain and one in Sonoma Valley. Both documents have identified areas that are being overpumped.

Rogers, with the National Marine Fisheries Service, said under any new rules the county should take aquifer levels into account before permitting a new well.

“The issue here is that neither groundwater management plans nor the county well ordinance keeps track of how many new wells are being drilled, and whether those wells should even be drilled,” Rogers said. “There has to be some analysis and monitoring when sinking a well, addressing whether it will be a drain on groundwater in the area.”

You can reach Staff Writer Angela Hart at 526-8503 or angela.hart@pressdemocrat.com. On Twitter [@ahartreports](https://twitter.com/ahartreports).

Editor’s Note: This story originally stated that new wells would need to be 100 feet from existing wells. In some cases, the proposed rules set the actual range from between 20 feet to 100 feet.

~~Sonoma County planning officials on Monday unveiled the most significant changes in nearly 40 years to the county’s underground well ordinance, which sets in place rules property owners must follow when drilling a new water well.~~

~~The proposed changes would prohibit new wells from being installed within 30 feet of streams. They would also prevent new wells from being drilled within between 20 feet and 100 feet of existing wells, depending on the ground water basin. The rules would also ban well drilling into streams.~~

~~The changes, slated to go before the Board of Supervisors early next year, would not affect the estimated 40,000 wells that now exist outside of city limits or establish a limit on the number of new wells permitted by the county.~~

~~County planning officials said the proposed revisions — to a well ordinance adopted in 1978 — have been on the drawing board for years, before the onset of the current drought. The goal is to prevent new wells from sucking streams dry and diminishing connected underground supplies. The rules are also intended to shield streams from sediment and other pollution that can be unleashed during well construction.~~



Newsroom

News Releases By Date

2014 EPA WaterSense Partners of the Year: San Francisco Public Utilities Commission, Sonoma-Marín Saving Water Partnership, HydroPoint Data Systems, KB Home, and Energy Inspectors Corporation

Release Date: 10/09/2014

Contact Information: Suzanne Skadowski, 415-972-3165, skadowski.suzanne@epa.gov

SAN FRANCISCO – Today the U.S. Environmental Protection Agency recognized the San Francisco Public Utilities Commission, the Sonoma-Marín Saving Water Partnership, HydroPoint Data Systems, KB Home, and Energy Inspectors Corporation as WaterSense Partners of the Year for their commitment to promoting water efficiency. San Francisco and Sonoma-Marín together saved 447 million gallons of water in 2013, an amount to equivalent to the daily water use of 1.5 million households.

"The severe drought in the West has communities planning for water scarcity in a changing climate," said Jared Blumenfeld, EPA's Administrator for the Pacific Southwest. "By making efficiency and reuse a high priority, our WaterSense partners in California and Nevada are helping build stronger, more resilient water systems to meet the challenges ahead."

2014 WaterSense Partners of the Year

Excellence in Outreach and Education: San Francisco Public Utilities Commission reached 70 percent of San Francisco households during Fix a Leak Week, by broadcasting multi-lingual messages to "check, twist, and replace" faucets that leak. The utility also led initiatives to reduce demand on drinking water, including its Laundry-to-Landscape program which provides homeowners with greywater training, discounted supplies, and on-site assistance. San Francisco also expanded recycled water projects, including the recent Harding Park project that uses recycled water to irrigate over 160 acres of public golf course greens.

"San Francisco is leading the way in its use of innovative outreach and education programs that help residents and businesses save precious water and money," said Harlan L. Kelly, Jr., General Manager of the San Francisco Public Utilities Commission.

Professional Certifying Organization Partner of the Year: Sonoma-Marín Saving Water Partnership certified nearly 200 irrigation professionals as WaterSense Qualified Water Efficient Landscapers in 2013. In addition, it helped install 22 greywater irrigation systems that use water drained from sinks, showers and washing machines for landscaping. The organization also launched the 20-Gallon Challenge featuring incentive prizes such as high-efficiency toilets and clothes washers, rainwater catchment and greywater systems, and custom water-wise landscape design in exchange for a pledge to save 20 gallons per person per day.


"The Sonoma-Marín Saving Water Partnership is not yet four years in existence yet several collaborative efforts have resulted in the partners saving more water than was likely working individually," said Chris DeGabriele, General Manager of the North Marin Water District, a member of the Partnership. "This award to SMSWP is a real testament to the region's water suppliers working together."


Manufacturer Partner of the Year: HydroPoint Data Systems in Petaluma, Calif. helped customers sustain their water savings in 2013 with the release of a Water Budget Manager software tool that allows users to see, track and report a landscape's water consumption and water bills after installing WaterSense labeled irrigation controllers.


Builder Partner of the Year: KB Home in Los Angeles, Calif. won its fourth consecutive WaterSense Builder Partner of the Year award and broke new ground in 2013 with the introduction of its Double ZeroHouse 2.0 concept to increase water efficiency and other resource savings.

Licensed Certification Provider Partner of the Year: Energy Inspectors Corporation in Las Vegas, Nev. inspected 51 WaterSense labeled new homes in 2013 and collaborated with KB Home to educate homeowners about the water- and energy-saving benefits of WaterSense labeled models.

WaterSense is a partnership program sponsored by EPA to protect the future of our nation's water supply by offering people a simple way to use less water with water-efficient products and services. WaterSense partners have helped American consumers save 757 billion gallons of water - enough to supply all of the homes in the United States with water for 26 days—since 2006. WaterSense partners combined efforts have resulted in a \$14.2 billion reduction in consumer water and energy bills over the past 8 years and a reduction of 37 million metric tons of greenhouse gas emissions.

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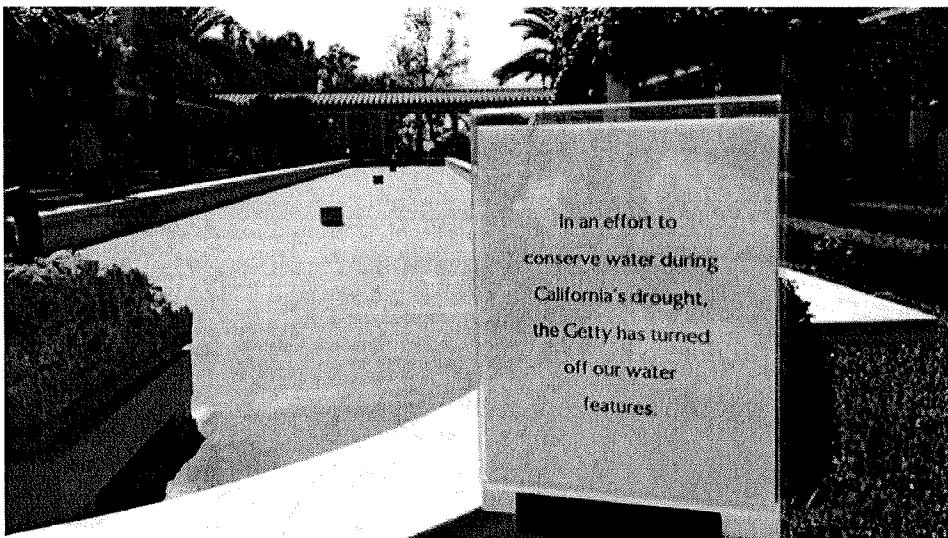
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Most of the fountains at the Getty Villa in Malibu have been shut off to conserve water. (credit: Darleene Powells/CBS)

Related Tags: California, Drought, Water Agencies, Water Use

SACRAMENTO (AP) — State officials on Tuesday reported the largest monthly decline in water use this year as the severity of California's drought hits home, with community wells running dry, farm fields turning to dust and key reservoirs at a fraction of their capacity.

Water suppliers reported that consumption fell 11.5 percent in August compared with the year before. That was the first full month of mandatory restrictions and fines for water-wasters imposed by the State Water Resources Control Board in July.

"The trend here is very good," said Felicia Marcus, chairwoman of the board. "It appears the audience is listening, and folks have shifted into gear since we took action."

The data is self-reported by water agencies with 3,000 or more customers. Together, the reporting agencies serve 33.5 million Californians, or roughly 87 percent of the state's population.

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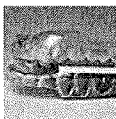
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Gov. Jerry Brown called on Californians to reduce water use by 20 percent when he declared a drought emergency in January. Californians could face further restrictions if the drought worsens and the coming winter fails to produce adequate snow and rainfall.

Marcus says the board is focused on pushing hesitant cities to conserve as much as they can for worse-case-scenarios, rather than achieving an across-the-board 20 percent cut in water use.

A similar voluntary survey showed water use actually increased by 1 percent in May. Since then, mandatory reporting shows monthly water use has declined — by 4.4 percent in June and 7.5 percent in July.

Of large suppliers serving 40,000 or more customers, the city of Tracy in Northern California had the largest percentage decrease in August water consumption, at 41 percent. Ten actually increased their water use.

The figures include residential and business users but do not show per-capita water use. As a result, it's easier for cities such as Sacramento and Fresno that have lacked meters and guzzled water to cut back compared with communities that have long conserved.

Take San Luis Obispo, which reported the largest jump in August water use, 26 percent. Ron Munds, the city utilities services manager, said years of conservation brought water use down from 180 gallons per day, per person to about 100 in the last two decades, which helped boost supplies to last seven years of drought.

"We haven't been pounding the water conservation message out there probably like other cities, but at the same time we are not in a panic situation," he said.

Water agencies will start reporting per-capita consumption estimates this month.

"It allows us to identify those areas that maybe aren't doing as much as they could and leaving alone the folks already squeezing blood from turnip," Marcus said.

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First responders brace for November election

By Derek Wilson | Posted: Wednesday, October 8, 2014 3:11 pm

The Bay Area is getting caught up in the Major League Baseball playoffs as the San Francisco Giants are in the thick of the pennant race. Twenty-five years ago, the Giants were challenging the Oakland A's in Game 3 of the World Series when, at 5:04 p.m., the ground shook, roads buckled and homes were destroyed by a magnitude 7.1 earthquake.

"I was just leaving work and I was just pulling out of the driveway. I was at the stoplight and I could see it shaking up and down," said Larry Hawkins as he recalled the Loma Prieta earthquake, which struck Oct. 17, 1989. "There was a flash and another flash from the lights. I could see an apartment building swaying. I knew right away what was happening."

The Bay Area is quickly approaching the anniversary of the Loma Prieta earthquake, which claimed the lives of 63 people and caused nearly \$10 billion in property damage.

These days, local first responders are better prepared for the next major disaster with the Marin Emergency Radio Authority, a system that allows for better communication and coordination between agencies and reduces response times.

The system was designed in 1998, but didn't go live until 2004. Officials are concerned that the current MERA system, which is reportedly already stretched past its original capacity, is quickly nearing the end of its operational life.

MERA manufacturer Motorola no longer makes parts for the current system, so technicians have had to scrounge for parts. According to retired Novato Police Lieutenant David Jeffries, who has been instrumental in the operations of the MERA system, those parts are becoming increasingly harder to find.

The Marin County Board of Supervisors voted to place Measure A, a \$29 annual parcel tax with a life of 20 years, on the Nov. 4 ballot. The measure needs two-thirds approval to pass.

Funds raised by the tax would pay for \$40 million of the \$46-million project including capital costs for the next generation of MERA hardware and software, according to Central Marin Police Authority Chief of Police Todd Cusimano.

Cusimano said local agencies would pay for maintenance and operations from their general funds. The remaining \$6 million would come from grants.

If Measure A gets the needed votes, CMPA would pay \$644,000 total from fiscal year 2015-16 to 2021-22, according to numbers provided by Larkspur Vice Mayor Larry Chu.

If the measure fails, the police agency serving Larkspur, Corte Madera and San Anselmo would pay a total of \$3,476,000 – a difference of \$2,832,000.

“If this measure doesn’t pass, some agencies might not be able to afford the costs,” Cusimano said. “They would go back to pre-1998, when we didn’t have MERA and that’s something I would hate to imagine.”

MERA was originally designed to handle radio calls from up to 1,800 responders. It is now being used by nearly 3,000 responders. During an emergency, that overload can create delays in responses.

“We had an issue in 2006 and 2007 with the storms when we had busy signals,” Jeffries said. “We’ve able to acquire more signals and expand the capacity.”

The Federal Communications Commission is buying the transmission bandwidth currently used by MERA and is guiding all public safety agencies to move to 700 megahertz with the idea of creating a national mutual aid framework.

“When you dial 911, you get a public safety answering point,” Jeffries said. “From that point on, it’s all on the MERA system. MERA is a critical piece of having someone show up on your door when you need help.”

Chu recalled a fire in 2013 in his city that benefitted from MERA.

“I saw four or five agencies from outside the Twin Cities respond to the fire,” Chu said. “And they knew just what was needed. The coordination was that good and that’s part of MERA.”

The Citizens for Sustainable Pension Plans opposes Measure A, but stated in its official argument that it does support upgrading the MERA system. The CSPP argues that the upgrades should not be funded by a parcel tax, but rather by municipalities that should find the money in their own budgets.

Chu said Measure A is not about government pension reform, but rather about public safety.

MERA is operated as a joint powers agreement between 25 member agencies in Marin County, including fire and police departments, Marin Transit, Marin Municipal Water District and municipalities.

Marin agencies also use the system to coordinate with partner agencies, including the California Highway Patrol, National Mutual Aid, the U.S. Coast Guard, the Petaluma Police Department and the Sonoma County Sheriff’s Office.

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