



**NORTH MARIN WATER DISTRICT**  
**AGENDA - REGULAR MEETING**  
 November 4, 2014 – 7:30 p.m.  
 District Headquarters  
 999 Rush Creek Place  
 Novato, California

Information about and copies of supporting materials on agenda items are available for public review at 999 Rush Creek Place, Novato, at the Reception Desk, or by calling the District Secretary at (415) 897-4133. A fee may be charged for copies. District facilities and meetings comply with the Americans with Disabilities Act. If special accommodations are needed, please contact the District Secretary as soon as possible, but at least two days prior to the meeting.

Est. Time	Item	Subject
7:30 p.m.		<b>CALL TO ORDER</b>
	1.	<b>CITY OF NAPA'S ACKNOWLEDGEMENT OF TWO NMWD EMPLOYEES</b>
	2.	<b>APPROVE MINUTES FROM REGULAR MEETING</b> , October 21, 2014
	3.	<b>GENERAL MANAGER'S REPORT</b>
	4.	<b>OPEN TIME: (Please observe a three-minute time limit)</b>
		This section of the agenda is provided so that the public may express comments on any issues not listed on the agenda that are of interest to the public and within the jurisdiction of the North Marin Water District. When comments are made about matters not on the agenda, Board members can ask questions for clarification, respond to statements or questions from members of the public, refer a matter to staff, or direct staff to place a matter of business on a future agenda. The public may also express comments on agenda items at the time of Board consideration.
	5.	<b>STAFF/DIRECTORS REPORTS</b>
	6.	<b>SUSTAINABLE GROUNDWATER MANAGEMENT ACT</b>
		<b>CONSENT CALENDAR</b>
		The General Manager has reviewed the following items. To his knowledge, there is no opposition to the action. The items can be acted on in one consolidated motion as recommended or may be removed from the Consent Calendar and separately considered at the request of any person.
	7.	<b>Consent – Approve:</b> Final Annual Report Fiscal Year 2013-2014
	8.	<b>Consent – Approve:</b> Outside Auditor's 2014 Report & Management Letter
	9.	<b>Consent – Approve:</b> Authorize 4x4 Skip Loader Replacement
	10.	<b>Consent – Approve:</b> Authorize Forklift Replacement
8:00 p.m.		<b>ACTION CALENDAR</b>
	11.	<b>Approve:</b> Marin Country Club Memorandum of Understanding
	12.	<b>Consider:</b> Response to Tomales Village Community Services District RFP
		<b>INFORMATION ITEMS</b>
	13.	Water Conservation Quarterly Update (July-September 2014)
	14.	Quarterly Progress Report - Engineering Department

All times are approximate and for reference only.

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

(Continued)

<b>Est. Time</b>	<b>Item</b>	<b>Subject</b>
	15.	West Marin Water Connection Fee Review - 2014
	16.	West Marin Water System and U.S. Coast Guard Housing Facility in Pt. Reyes Station
	17.	WAC/TAC Meeting – November 3, 2014
	18.	NBWA Meeting – November 7, 2014
	19.	<b>MISCELLANEOUS</b> Disbursements Preparation: FY14 vs. FY04 Annual Audit Report Salinity (10/21) Ltr. to Port Sonoma Marin  <u>News Articles:</u>  PG&E plan may reduce water flowing into Lake Mendocino North Bay Water Reuse Board Supports Prop. 1 Water Bond Bay Club acquires StoneTree
	20.	<b>Closed Session:</b> In accordance with California Government Code Section 54957 for Public Employee Performance Evaluation (One), Title: General Manager
9:00 p.m.	21.	<b>ADJOURNMENT</b>

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**DRAFT**  
**NORTH MARIN WATER DISTRICT**  
**MINUTES OF REGULAR MEETING**  
**OF THE BOARD OF DIRECTORS**  
 October 21, 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, Rick Fraites, Stephen Petterle, and Dennis Rodoni. Also present were General Manager Chris DeGabriele, District Secretary Katie Young and Auditor-Controller David Bentley. Director John Schoonover and Chief Engineer Drew McIntyre were absent.

Paul Kaymark, Senior Manager from Charles Z. Fedak & Company and District employee Dianne Landeros (HR/Accounting Supervisor) were in the audience.

**MINUTES**

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

AYES: Director Baker, Petterle, Rodoni

NOES: None

ABSTAIN: Director Fraites

ABSENT: Director Schoonover

**GENERAL MANAGER'S REPORT**

**EPA WaterSense Award**

Mr. DeGabriele displayed the WaterSense Partner of the Year Award that he accepted on behalf of the Sonoma Marin Saving Water Partnership at the WaterSmart Innovations 2014 Conference in Las Vegas on October 9<sup>th</sup>. He stated that the conference was well done and that he was able to give a two minute speech at the luncheon.

**Sea Level Rise**

Mr. DeGabriele advised the Board that he included in the agenda packet the advertisement for the Collaboration: Sea-level Marin Adaptation Response Team meetings scheduled next week. He stated CSMART has assembled good mapping regarding the different ranges of sea level rise projections and will keep the Board apprised as their efforts progress.

1 Stafford Lake Park Master Plan

2 Mr. DeGabriele informed the Board that he attended the Stafford Lake Park Master Plan  
3 Scoping meeting at the Margaret Todd Center and that the County is going to proceed with the  
4 process and that he has given the District's input.

5 Marin Country Club

6 Mr. DeGabriele advised the Board that he attended a meeting last week with Marin Country  
7 Club environmental consultant in order to advocate a multi-benefit project along with the extension  
8 of the Recycled Water to the Marin Country Club. He noted that if there is a multi-benefit project, the  
9 golf course would be in a better position to receive grant money for Recycled Water.

10 Nave Family

11 Mr. DeGabriele informed the Board that he met with Rich and Bob Nave regarding  
12 equivalent dwelling units for their new tenant in the Nave Annex shopping center. He stated that the  
13 Nave's were not happy to learn that they would have to pay additional connection fees for the  
14 entitlement exceeded and expressed their displeasure with the District's policy. Mr. DeGabriele  
15 stated that the Nave's feel that they have done a lot of water conservation and feel they are being  
16 penalized for it. He reminded the Board that according to District regulations staff is required to go  
17 back and review dwelling units when new tenants move in. Mr. DeGabriele advised the Board that  
18 he will be bringing District regulations back to the Board for review.

19 Director Petterle asked what the amount was that the Nave's needed to pay. Mr. DeGabriele  
20 responded \$28,600.

21 President Rodoni asked about the current tenants. Mr. DeGabriele stated that instead of a  
22 small retailers in the shopping center there are now more restaurants that are using more water.

23 Fluoridation Advisory Committee

24 Mr. DeGabriele advised the Board that the Sonoma County Fluoridation Advisory Committee  
25 has reconvened and that there was a presentation on the assessment of fluoridated water on fish  
26 species and the conclusion was that there is no impact. He noted that there is a draft report now  
27 available for review that will go out to the TAC members today.

28 Novato Sanitary District Recycled Water Subcommittee

29 Mr. DeGabriele informed the Board that the Novato Sanitary District will reconvene its  
30 Recycled Water Subcommittee and that he will request to set up a meeting.

1 West Marin Water Quality

2 Mr. DeGabriele reminded the Board of the lead and copper letters that were distributed to  
3 West Marin customers regarding the lead exceedance in the water and stated that staff has only  
4 received two calls regarding additional testing.

5 Mr. DeGabriele informed the Board that the sodium level in the West Marin water supply  
6 rose this week from 60 mg/L to 77 mg/L today even with the MMWD release of additional water into  
7 Lagunitas creek.

8 Novato Heights

9 Director Fraites asked Mr. DeGabriele about the blowout that occurred at Novato Heights  
10 and asked if there will possibly be a replacement of the line to the tank.

11 Mr. DeGabriele reminded the other board members of the main break that occurred over  
12 Labor Day weekend on Ridge Road, Novato Heights, which is the line that runs from the Pump  
13 Station to Half Moon Tank. He stated that the break took place near the pump station and the  
14 District may need to replace some of the line but at this point there is not conclusive evidence it  
15 needs to be fully replaced. He noted that other work needs to be completed such as a soils report to  
16 give staff an idea of how much of the line needs to be replaced.

17 Mr. DeGabriele informed the Board that he will be going out to the site and attending the  
18 Novato Heights Homeowner's meeting on Saturday, November 1<sup>st</sup> to review onsite.

19 **OPEN TIME**

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

22 **STAFF / DIRECTORS' REPORTS**

23 President Rodoni asked if staff or Directors wished to bring up an item not on the agenda  
24 and there was no response.

25 **REVIEW OF OUTSIDE AUDITOR'S 2014 REPORT AND MANAGEMENT REPORT**

26 Mr. Paul Kaymark distributed a summary of the 2014 Financial Audit Results and described  
27 the audit process and reviewed the financial highlights. He informed the Board, that the District's  
28 Comprehensive Annual Financial Report (CAFR) has again received an unmodified "clean" opinion.

29 Mr. Kaymark informed the Board that the Novato Water System Balance Sheet shows that  
30 fund has over \$92.2M in overall assets at the end of FY14; he said that there is \$24.9M in liabilities,  
31 net investment in capital assets of \$59.1M, and \$4.4M in spendable reserves.

1 Mr. Kaymark noted that the Unrestricted Net Assets page shows that the District's \$1.9M in  
2 non-spendable assets are comprised of materials and supplies inventory, prepaid expenses, and  
3 notes receivable for employee housing loans. He then discussed the Statement of Revenue &  
4 Expenses, stating that the total FY14 operating revenue was \$18.6M and total operating  
5 expenditures before depreciation totaled \$13.2M, resulting in a \$5.4M operating income before  
6 depreciation. He stated that the non-operating revenue expense decreased \$2.3M from the prior  
7 year because of the \$2M CalPERS side fund payoff, but that the payoff will reduce operating  
8 expense in the future. He stated that the operating income was adequate to cover depreciation  
9 expense, allowing the District to put the \$2.4M depreciation expense back into capital recovery.

10 Mr. Kaymark spent a significant amount of time reviewing the accounting for the District's  
11 CalPERS pension obligation and advised that next year the entire liability must appear on the books,  
12 not just the annual payment obligation

13 Mr. Bentley asked that any comments the Board may have on the draft CAFR be given to Mr.  
14 DeGabriele by Friday, October 24<sup>th</sup>, to allow presentation of the final report and for approval at the  
15 next Board meeting.

16 Mr. DeGabriele thanked Mr. Kaymark and District accounting staff including, David Bentley,  
17 Dianne Landeros, Nancy Holton and Nancy Williamson for their job well done. Mr. Kaymark left the  
18 meeting.

19 President Rodoni asked Mrs. Landeros about the amount of time spent on the audit now vs.  
20 10 years ago. She stated that there is a lot more to report with the Management Discussion and  
21 Analysis section and a statistical section that takes a significant amount of time.

## 22 **QUARTERLY FINANCIAL STATEMENT**

23 Mr. Bentley reviewed the first quarter financial statement. He stated that for the first quarter  
24 the District generated a net income of \$1.34M and saw a cash increase of \$438,000. He stated that  
25 in Novato the water consumption was down 18% from one year ago and that operating expenses  
26 were down 4%. He advised the Board that there has been \$3.4M spent on the Aqueduct Energy  
27 Efficiency Project during the quarter and Caltrans will be reimbursing the District \$2.6M.

28 Mr. Bentley advised that for Novato Recycled Water consumption was down 5% and  
29 operating expenses are up 17%. He stated that 4.5MG of potable water was put into the system  
30 because Novato Sanitary District continues to suffer operating hiccups. He stated that at the end of  
31 the first quarter the Recycled Water system had a cash balance of \$1.3M.



1 Mr. Bentley informed that Board that in West Marin water consumption was down 20% down,  
2 although water production was down only 8%. He noted that this is due to leaks in the District's  
3 system not going through customer's meters. He stated that operating revenue was down 11% and  
4 operating expenditures were up 15%. Mr. Bentley advised the Board that expenditures are up due to  
5 the additional cost for salinity intrusion monitoring. He stated that the West Marin Water cash  
6 balance will fall by \$400K in October due to the Gallagher Pipeline Project, where the grant funding  
7 is lagging 90 days from when the District bills the state for reimbursement.

8 Mr. Bentley stated that in Oceana Marin operating revenue is up 5% due to the July 1<sup>st</sup> 5%  
9 rate increase and the cash balance at the end of the first quarter is \$248K. .

### 10 **MONTHLY PROGRESS REPORT**

11 Mr. DeGabriele presented the September Monthly Progress Report. He advised the Board  
12 that in safety and liability there has been 123 days without a lost time accident or injury. He pointed  
13 out to the Board that the water conservation programs, specifically "Cash for Grass" has paid 15  
14 customers for removal of lawn, the most ever in one month, and that there was 58 Water Smart  
15 Home Surveys completed. Mr. DeGabriele showed the Board the chart Mr. Bentley prepared  
16 regarding production which showed the District is well below prior years.

17 Mr. DeGabriele advised the Board that on the Summary of Complaints and Service Orders  
18 the bill adjustments were up this month along with the District service leaks. He noted that total  
19 complaints were up 17% from one year ago.

### 20 **CONSENT CALENDAR**

21 On motion of Director Petterle, seconded by Director Fraites and carried by the following  
22 vote, the Board approved the following items on the consent calendar:

23 AYES: Directors Baker, Fraites, Petterle, Rodoni

24 NOES: None

25 ABSTAIN: None

26 ABSENT: Director Schoonover

### 27 **AUDITOR-CONTROLLER'S STATEMENT OF INVESTMENT POLICY**

28 The Board approved the Auditor-Controller Statement of Investment Policy. The policy  
29 remains unchanged from one year ago. The criteria and priority for selecting investments are safety,  
30 liquidity and yield.

1 **TEXT FOR WEST MARIN WATER LINE, VOLUME 13**

2 The Board approved text for the West Marin *Water Line*, to be issued after November 1<sup>st</sup>.  
3 The *Water Line* will inform customers that normal flows have resumed in Lagunitas Creek  
4 (beginning 11/1 or 11/15) and water use restrictions are no longer in effect. Additionally, an update  
5 on the Gallagher Pipeline Project will be included, along with the advertisements for water  
6 conservation programs offered.

7 **EXTENSION OF HORIZON CATV LICENSE AGREEMENT**

8 The Board approved extending the Horizon Cable TV License Agreement for their use of  
9 District property at PRE Tank Site #4 in West Marin. Horizon pays just under \$4,000 a year for the  
10 privilege to use the property.

11 **ACTION CALENDAR**

12 **CONTRACT: ARCHITECTURAL DESIGN OF LYNWOOD PUMP STATION MOTOR CONTROLS**  
13 **STRUCTURE**

14 Mr. DeGabriele reminded the Board that in FY2008-09 staff budgeted for the purchase of  
15 four motor control center (MCC) replacements for the Point Reyes Treatment Plant, and the  
16 Trumbull, San Marin and Lynwood pump stations. He advised the Board that the Lynwood MMC has  
17 not been completed due to the buried pipelines that are too shallow to construct the necessary  
18 footings and carry the load of proposed concrete enclosure walls. Staff is requesting a contract with  
19 Daniel Macdonald for architectural design of the Lynwood Pump Station motor control center  
20 structure. Mr. DeGabriele showed the Board a preliminary drawing. He noted that the work is  
21 budgeted at \$18,000.

22 On motion of Director Petterle, seconded by Director Fraites and carried by the following  
23 vote, the Board approved

24 AYES: Directors Baker, Fraites, Petterle, Rodoni

25 NOES: None

26 ABSTAIN: None

27 ABSENT: Director Schoonover

28 **CYBER LIABILITY CONSULTANT**

29 Mr. Bentley advised the Board that staff has tried to get cyber liability insurance and has  
30 been turned down by some insurers because of the lack of security in our information technology  
31 system. Mr. Bentley stated that staff is requesting a consulting agreement with Net Diligence to  
32 conduct a Cyber Risk Assessment who will make recommendations pertaining to the District's

1 information technology system. He stated that the cost of the assessment is \$12,500 and is intended  
2 to look at security for our website, utility billing, and SCADA computer systems.

3 On motion of Director Petterle, seconded by Director Fraites and carried by the following  
4 vote, the Board approved

5 AYES: Directors Baker, Fraites, Petterle, Rodoni

6 NOES: None

7 ABSTAIN: None

8 ABSENT: Director Schoonover

9 **RESOLUTION SUPPORTING FRESH WATER FLOWS IN THE SAN FRANCISCO BAY DELTA**  
10 **ESTUARY**

11 Mr. DeGabriele advised the Board that he attended the Friends of the Estuary Conference on  
12 September 24<sup>th</sup> and stated that it was informative. He advised the Board members that Directors  
13 Fraites and Petterle crafted a resolution supporting fresh water flows in the San Francisco Bay Delta  
14 Estuary and he has made some suggested revisions. Mr. DeGabriele advised the Board that locally,  
15 Marin County and Sonoma have adopted resolutions and Marin Municipal Water District has  
16 supported the Marin County effort.

17 Directors Petterle and Fraites stated that they supported the final resolution and Director  
18 Fraites stated that the Delta is under a lot of stress and the Central Valley agricultural water  
19 demands are going to have a great effect on the flow to the Bay.

20 Director Baker stated that he respected Director Fraites concerns but stated that he has  
21 reservations about it since the issue does not have to do with the County or Russian River.

22 On motion of Director Fraites, seconded by Director Petterle and carried by the following  
23 vote, the Board approved Resolution No. 14-23 entitled: "Resolution of the Board of Directors of  
24 North Marin Water District Regarding Ecosystem Health and the Need for Fresh Water for the San  
25 Francisco Bay-Delta Estuary."

26 AYES: Directors Fraites, Petterle, Rodoni

27 NOES: None

28 ABSTAIN: Director Baker

29 ABSENT: Director Schoonover

1 **RESOLUTION SUPPORTING PROPOSITION 1 – THE WATER QUALITY, SUPPLY AND**  
2 **INFRASTRUCTURE IMPROVEMENT ACT OF 2014**

3 Mr. DeGabriele advised the Board that Proposition 1 – The Water Quality, Supply and  
4 Infrastructure Improvement Act of 2014 is up for a vote before the California voters on the November  
5 4<sup>th</sup> ballot. He stated that the bond measure includes money for water recycling, coastal salmon and  
6 fishery restoration, integrated regional water management programs and water conservation.

7 President Rodoni stated that he supported the resolution and is glad there is money on the  
8 ballot.

9 Director Fraites stated that he was not going to support this resolution since the bond also  
10 includes funding for additional storage and his concern that surface water storage will be an added  
11 impact on the Bay Delta and fisheries.

12 Director Petterle stated that he agrees with Director Fraites but would like to see more  
13 efforts towards recycled water and sustainability.

14 On motion of Director Baker, seconded by Director Petterle and carried by the following  
15 vote, the Board approved Resolution No. 14-24 entitled: “Resolution of the Board of Directors of the  
16 North Marin Water District Supporting Proposition 1 The Water Quality, Supply and Infrastructure  
17 Improvement Act of 2014 on the November 4, 2014 Ballot.”

18 AYES: Director Baker, Petterle, Rodoni

19 NOES: Director Fraites

20 ABSTAIN: None

21 ABSENT: Director Schoonover

22 **INFORMATION ITEMS**

23 **DRAFT ANNUAL REPORT**

24 Katie Young provided the Board with the Draft Annual Report for the Board’s review. She  
25 asked for corrections and comments on the report by Tuesday, October 28<sup>th</sup>. She advised the Board  
26 that the final report will return to the Board at the November 4<sup>th</sup> meeting for approval.

27 **WEST MARIN DROUGHT SURCHARGE UPDATE**

28 David Bentley provided the Board with a West Marin Drought Surcharge Update. He stated  
29 that the surcharge (effective July 1, 2014) has generated approximately \$27,000 in additional  
30 revenue through September 30<sup>th</sup>. He noted that the Drought Surcharge will terminate at the end of  
31 October and was implemented to offset both the revenue loss from the mandatory water use  
32 restrictions, and the cost of purchasing water from Marin Municipal for release into Lagunitas Creek.

1 **WAC/TAC MEETING – NOVEMBER 3, 2014**

2 The Board was provided the agenda for the November 3, 2014 Water Advisory/Technical  
3 Advisory Committee Meeting.

4 **MISCELLANEOUS**

5 The Board received the following miscellaneous information: Disbursements, Self Insured  
6 Workers Compensation Update, FY15 1<sup>st</sup> Quarter Labor Cost Report, and Salinity Notice (10/7).

7 The Board received the following news articles: Future of Stafford Lake Park to be  
8 discussed October 15<sup>th</sup>, Huffman faces GOP congressional challenger in heavily Democratic 2<sup>nd</sup>  
9 District, West Marin Citizen – Be Here Then, What could Marin Sea Level Rise mean to you?,  
10 Sonoma to consider hiking water rates, Sonoma County unveils proposed rules for new wells, 2014  
11 EPA WaterSense Partners of the Year, California water use drops 11.5% in August, and First  
12 responders brace for November election.

13 The Board also received the following news articles at the meeting: Salinity Notice (10/14)  
14 and Marin Voice: Prop. 1 – One more shovel of dirt on the grave of our fisheries.

15 **ADJOURNMENT**

16 President Rodoni adjourned the meeting at 8:52p.m.

17 Submitted by

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Katie Young  
District Secretary

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MEMORANDUM

To: Board of Directors

October 31, 2014

From: Katie Young, District Secretary *KY*

Subject: Final Annual Report Fiscal Year 2013-2014

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**RECOMMENDED ACTION:** Approve Fiscal Year 2013-2014 Annual Report

**FINANCIAL IMPACT:** None

Attached is the Final Annual Report for Fiscal Year 2013-2014. There were only a few minor changes made by the Board and staff. You will receive the final hard copy at the November 17<sup>th</sup> meeting.

RECOMMENDATION:

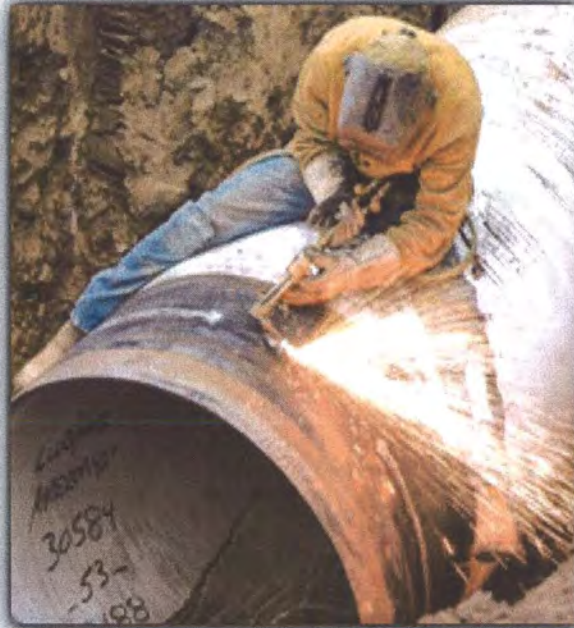
Board Approve Fiscal Year 2013-2014 Annual Report.

Approved by GM *KY*

Date: 10/31/2014

# ANNUAL REPORT

2013-14



## NORTH MARIN WATER DISTRICT



## 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](http://www.nmwd.com) and click on Service Area.

# **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.

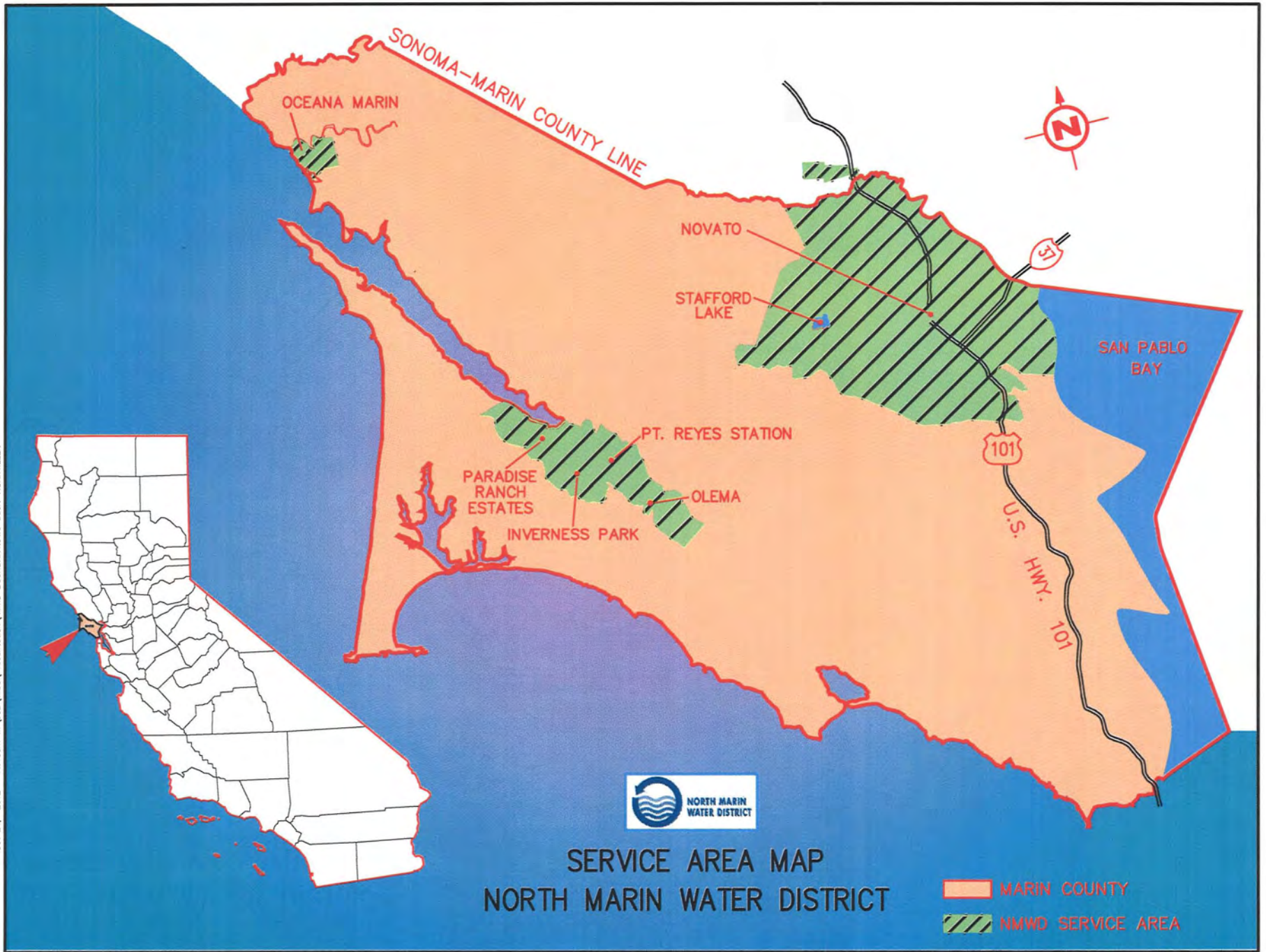
## **BOARD MEETINGS**

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](http://www.nmwd.com)

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(Front cover photo: Aqueduct Energy Efficiency Project)

Oct 24, 2012 - 11:18am W:\JOB\MISC\Presentation\MWD BOUNDARY.DWG User: ACANTILLER



## 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 17<sup>th</sup>. 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**

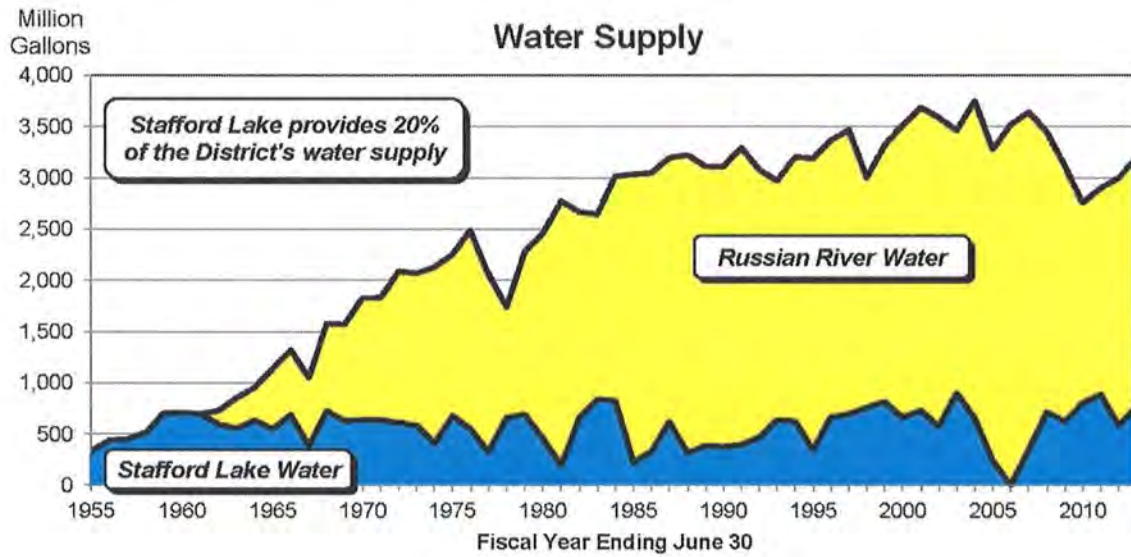
Stafford Lake lies four miles west of downtown Novato and collects the runoff from 8.3 square miles of watershed land adjacent to the upper reaches of Novato Creek. The lake has a surface area of 230 acres and holds 4,450 acre-feet or 1,450 million gallons (MG) of water. Water from Stafford Lake is fed 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**

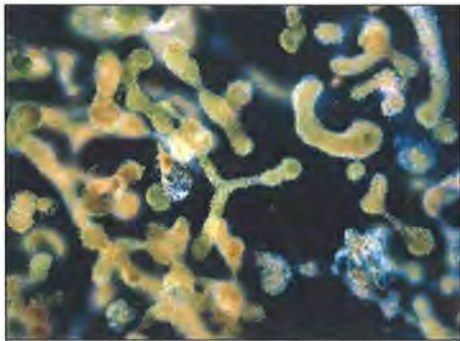


**Fire Service Vault Removal on Rowland Blvd.**

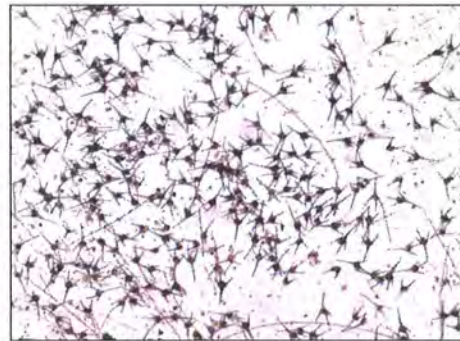
## WATER QUALITY

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.



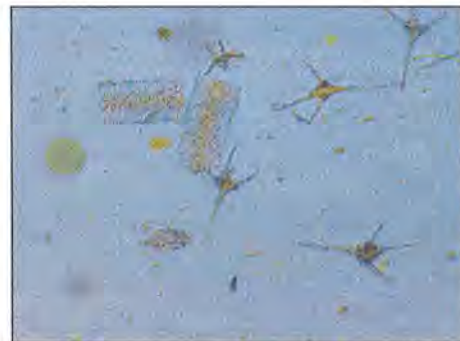
**Microcystis**



**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 ¾" 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/ISSUES INVOLVING WATER SYSTEMS - 2008 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

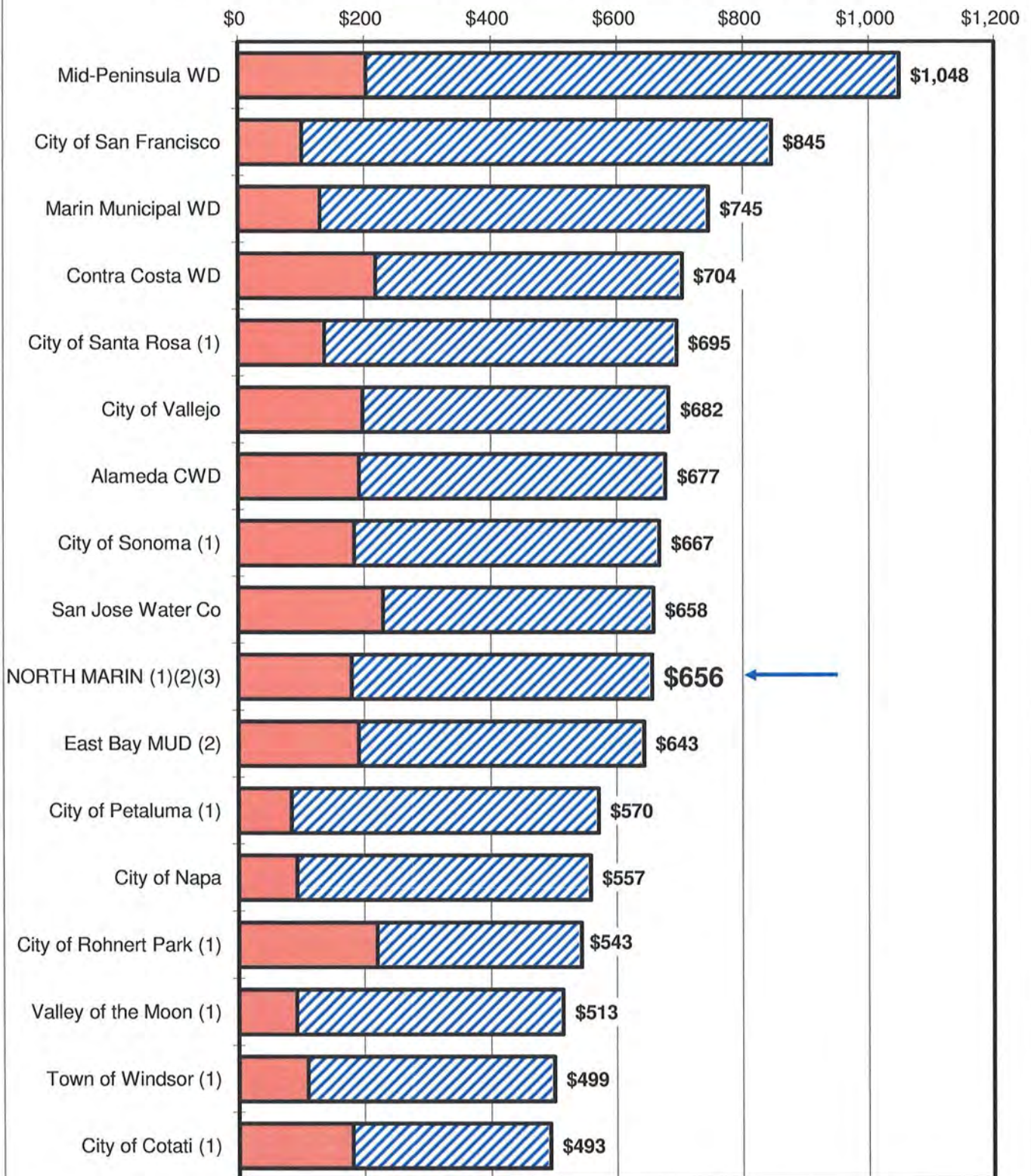


**Disclaimer**  
This map document and associated data are distributed for informational purposes only "AS IS" at the published scale and provided without warranty of any kind expressed or implied. The positional accuracy of the data is approximate and not intended to represent survey map accuracy. The 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

<b>Statistics</b> (at June 30, 2014)	<b>Water</b>		<b>Sewer</b>	<b>Total</b>
	<b>Novato Potable &amp; RW</b>	<b>West Marin Service Area</b>	<b>Oceana Marin</b>	
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 <sup>1</sup>	\$4.42	\$7.35	

Typical Annual Cost:

Service Charge	\$180	\$180	\$780
Commodity Charge	\$476	\$434	\$0
Allocated Tax <sup>2</sup>	\$0	\$54	\$196
Total Annual Cost	\$656	\$669	\$976

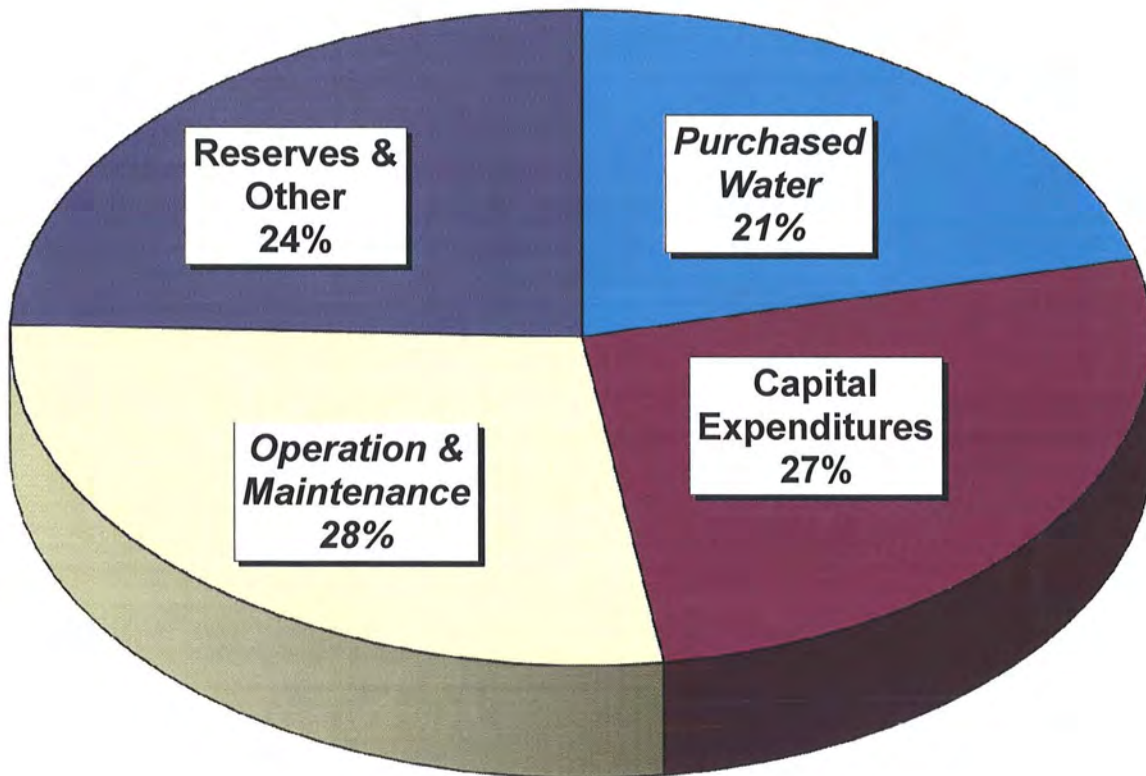
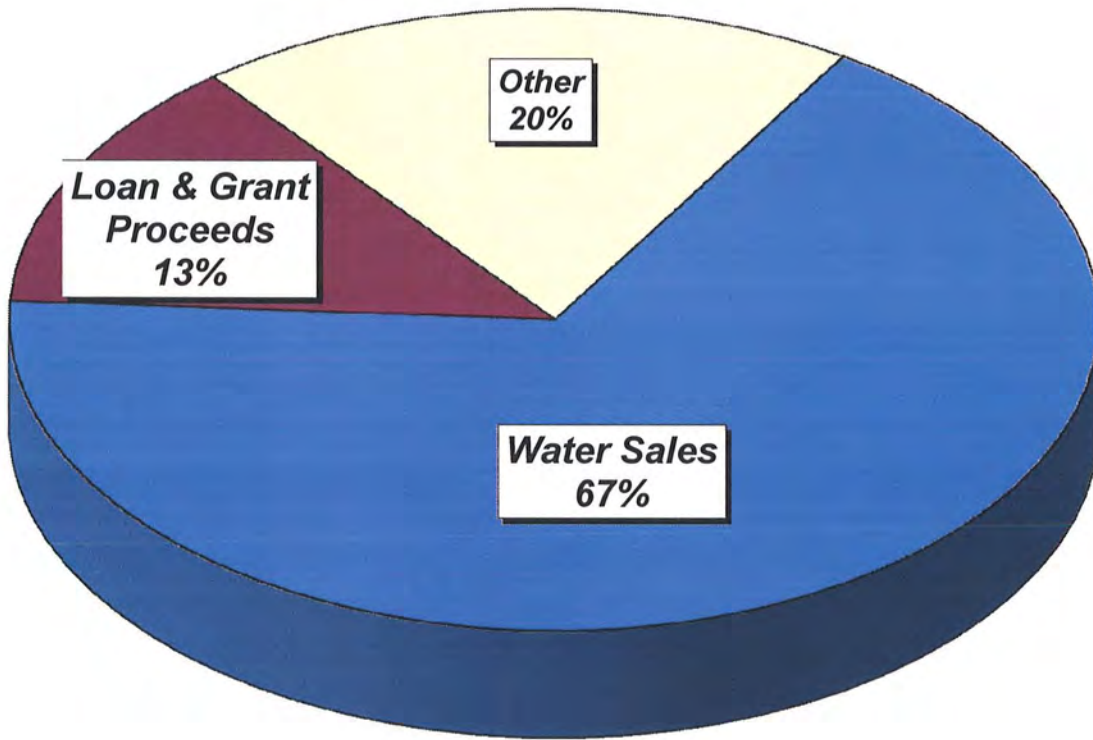
### **Notes**

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
<b>Assets</b>					
Cash & Investments	14,796,009	12,548,234	1,052,352	912,528	282,895
Receivables & Other Assets	8,177,943	5,548,643	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)	93,247,674	69,244,393	19,041,203	4,124,528	837,549
<b>Total Assets</b>	<b>\$121,670,779</b>	<b>\$92,263,511</b>	<b>\$22,503,430</b>	<b>\$5,760,169</b>	<b>\$1,143,668</b>
<b>Liabilities</b>					
Current Liabilities	\$6,342,427	\$5,432,283	\$782,893	\$116,119	\$11,132
Long-Term Debt	32,224,477	19,505,710	11,691,398	1,027,369	-
<b>Total Liabilities</b>	<b>\$38,566,904</b>	<b>\$24,937,994</b>	<b>\$12,474,291</b>	<b>\$1,143,487</b>	<b>\$11,132</b>
<b>Net Assets</b>					
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)
<b>Net Assets</b>	<b>\$83,103,874</b>	<b>\$67,325,516</b>	<b>\$10,029,139</b>	<b>\$4,616,682</b>	<b>\$1,132,537</b>

### REVENUE & EXPENSE

Operating Revenue	\$20,377,620	\$18,646,876	\$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	\$2,958,440	(\$40,736)	\$180,191	(\$17,432)
Non-Operating Revenue/(Expense)	(2,592,175)	(2,360,433)	(253,512)	(23,780)	45,550
<b>Net Income/(Loss)</b>	<b>\$488,288</b>	<b>\$598,007</b>	<b>(\$294,248)</b>	<b>\$156,411</b>	<b>\$28,118</b>

### CASH FLOW

Net Income/(Loss)	\$488,288	\$598,007	(\$294,248)	\$156,411	\$28,118
Add Back Depreciation	3,128,301	2,445,634	470,894	154,749	57,024
<b>Cash Generated</b>	<b>\$3,616,589</b>	<b>\$3,043,641</b>	<b>\$176,646</b>	<b>\$311,160</b>	<b>\$85,142</b>

### Other Sources/(Uses)

Connection Fees	\$152,800	\$99,600	-	\$22,800	30,400
Capital Asset Acquisition	(5,238,179)	(4,459,183)	(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	4,001,410	1,532,099	2,520,748	(46,404)	(5,034)
<b>Total Other Sources/(Uses)</b>	<b>\$1,153,366</b>	<b>\$992,025</b>	<b>\$252,970</b>	<b>(\$97,342)</b>	<b>\$5,711</b>
<b>Net Cash Generated/(Used)</b>	<b>\$4,769,954</b>	<b>\$4,035,666</b>	<b>\$429,616</b>	<b>\$213,818</b>	<b>\$90,853</b>

## 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	5,335,566	1,346,244	1,174,124	870,253
	<u>\$28,936,845</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	2,448,776	1,770,894	1,578,440	865,593
Capital Expenditures	5,238,179	8,706,655	724,948	2,217,669
Other Uses	2,311,081	9,284	1,168,924	1,292,006
Reserves	4,769,954	6,135,421	(990,737)	(1,827,611)
	<u>\$28,936,845</u>	<u>\$29,233,116</u>	<u>\$15,564,947</u>	<u>\$15,086,649</u>

#### Where We Stand

Assets	\$121,670,779	\$117,946,610	\$95,473,061	\$104,831,135
Liabilities	38,566,904	41,885,220	22,808,499	24,511,345
Net Assets	<u>\$83,103,875</u>	<u>\$76,061,390</u>	<u>\$72,664,562</u>	<u>\$80,319,790</u>

8

## MEMORANDUM

To: Board of Directors  
From: David Bentley, Auditor-Controller  
Subject: Accept – Outside Auditor's 2014 Report and Management Letter  
I:\finance\audit\audit14\bod accept outside auditor's 2014 report.doc

October 31, 2014

**RECOMMENDED ACTION:** Accept FY2013/2014 Audit Report and Management Letter

**FINANCIAL IMPACT:** Annual Audit Cost is \$18,380.

The Outside Auditor's Annual Audit Report and Management Letter were presented as a draft at the October 21<sup>st</sup> meeting. Staff made some minor wording changes to the Management Letter and Statistical Section, and finds the report acceptable. There were no changes requested by the Board.

RECOMMENDATION

Accept the Outside Auditor's FY13/14 Financial Report and Management Letter.

Approved by GM CD

Date: 10/31/2014

**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

Certified Public Accountants  
An Accountancy Corporation

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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 CPAs - An Accountancy Corporation

**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

Certified Public Accountants  
An Accountancy Corporation

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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 CPAs - An Accountancy Corporation

**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
<b>Adjusting Journal Entries JE # 1</b>			
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	Other Non-operating	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
<b>Total</b>		<b><u>549,982.00</u></b>	<b><u>549,982.00</u></b>
<b>Adjusting Journal Entries JE # 2</b>			
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
<b>Total</b>		<b><u>6,211.60</u></b>	<b><u>6,211.60</u></b>
<b>Adjusting Journal Entries JE # 3</b>			
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
<b>Total</b>		<b><u>41,387.19</u></b>	<b><u>41,387.19</u></b>
<b>Adjusting Journal Entries JE # 4</b>			
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
<b>Total</b>		<b><u>193.00</u></b>	<b><u>193.00</u></b>
<b>Adjusting Journal Entries JE # 5</b>			
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
<b>Total</b>		<b><u>59,968.01</u></b>	<b><u>59,968.01</u></b>

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

Account	Description	Debit	Credit
<b>Adjusting Journal Entries JE # 6</b>			
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
<b>Total</b>		<b>51,006.03</b>	<b>51,006.03</b>





# **NORTH MARIN WATER DISTRICT**

Novato, California

## **Comprehensive Annual Financial Report**

**For the Fiscal Years Ended June 30, 2014 and 2013**





**NORTH MARIN  
WATER DISTRICT**

<b>Name</b>	<b>Title</b>	<b>Elected/ Appointed</b>	<b>Current Term</b>
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](http://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

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415.897.4133

Board of Directors  
North Marin Water District

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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.

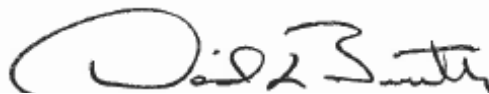
A Certificate of Achievement is valid for a period of one year. We believe that this CAFR meets the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for 2014.

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,



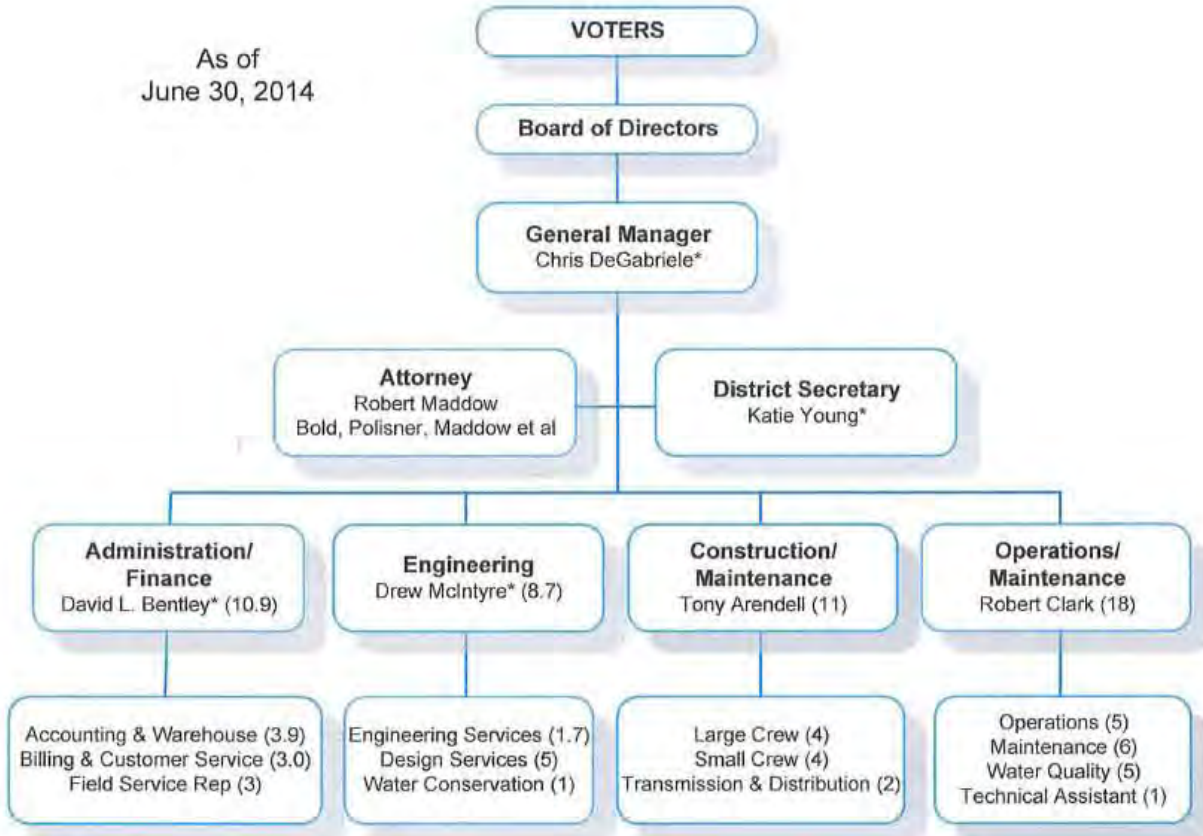
Chris DeGabriele  
General Manager



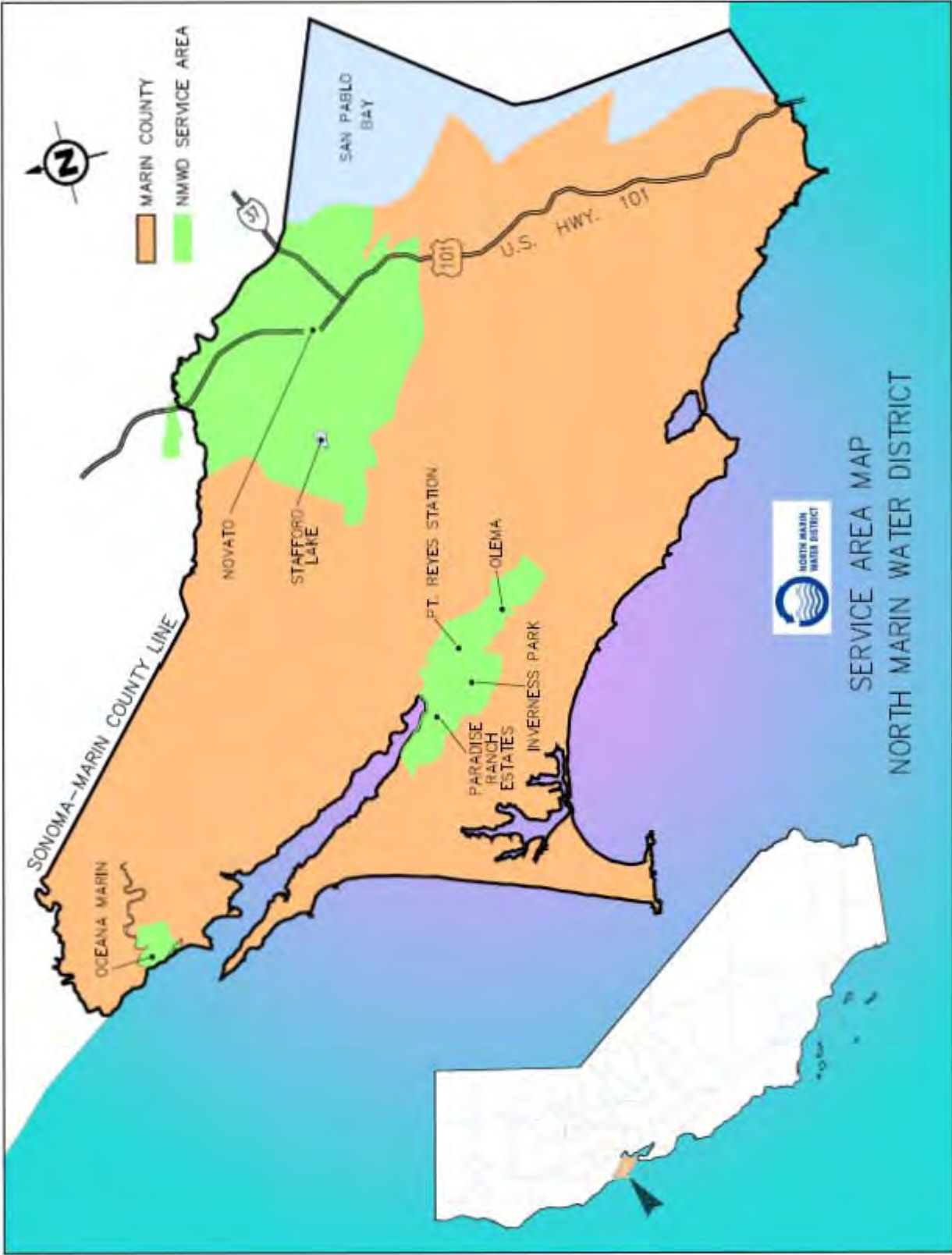
David L. Bentley  
Auditor-Controller

# 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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Cypress, California 90630  
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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 CPAs - An Accountancy Corporation*

**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**

<b>Condensed Statements of Net Position</b>					
	<b>2014</b>	<b>2013</b>	<b>Change</b>	<b>2012</b>	<b>Change</b>
<b>Assets:</b>					
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
<b>Total assets</b>	<b>121,670,779</b>	<b>121,141,800</b>	<b>528,979</b>	<b>114,659,384</b>	<b>6,482,416</b>
<b>Liabilities:</b>					
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
<b>Total liabilities</b>	<b>38,566,905</b>	<b>40,044,522</b>	<b>(1,477,617)</b>	<b>38,597,994</b>	<b>1,446,528</b>
<b>Net position:</b>					
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
<b>Total net position</b>	<b>83,103,874</b>	<b>81,097,278</b>	<b>2,006,596</b>	<b>76,061,390</b>	<b>5,035,888</b>
<b>Total liabilities and net position</b>	<b>\$ 121,670,779</b>	<b>121,141,800</b>	<b>528,979</b>	<b>114,659,384</b>	<b>6,482,416</b>

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)
<b>Total revenue</b>	<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)
<b>Total expense</b>	<u>20,329,069</u>	<u>16,568,138</u>	<u>3,760,931</u>	<u>16,397,146</u>	<u>170,992</u>
<b>Net income(loss) before cap. con.</b>	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)
<b>Change in net position</b>	<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>
<b>Net position, beginning of year</b>	<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>
<b>Net position, end of year</b>	<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>
<b>Operating revenues:</b>					
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
<b>Total operating revenues</b>	<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>
<b>Non-operating revenues:</b>					
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
<b>Total non-operating revenues</b>	<u>439,736</u>	<u>348,443</u>	<u>91,293</u>	<u>528,368</u>	<u>(179,925)</u>
<b>Total revenues</b>	<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>
<b>Operating expenses:</b>					
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
<b>Total operating expenses</b>	<u>17,297,158</u>	<u>15,934,205</u>	<u>1,362,953</u>	<u>15,337,460</u>	<u>596,745</u>
<b>Non-operating expenses:</b>					
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
<b>Total non-operating expenses</b>	<u>3,031,911</u>	<u>633,933</u>	<u>2,397,978</u>	<u>1,059,686</u>	<u>(425,753)</u>
<b>Total expenses</b>	<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>	<b>2014</b>	<b>2013</b>
<b>Current assets:</b>		
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>
<b>Non-current assets:</b>		
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>
<b>Total assets</b>	<u>\$ 121,670,779</u>	<u>121,141,800</u>
<b><i>Liabilities and Net Position</i></b>		
<b>Current liabilities:</b>		
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
<b>Long-term liabilities – due within one year:</b>		
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>
<b>Non-current liabilities:</b>		
<b>Long-term liabilities – due in more than one year:</b>		
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>
<b>Total liabilities</b>	<u>38,566,905</u>	<u>40,044,522</u>
<b>Net position: (note 13)</b>		
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
<b>Total net position</b>	<u>83,103,874</u>	<u>81,097,278</u>
<b>Total liabilities and net position</b>	<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**

	<b>2014</b>	<b>2013</b>
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)
<b>Operating income</b>	<b>3,080,463</b>	<b>2,322,433</b>
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)
<b>Net income before capital contributions</b>	<b>488,288</b>	<b>2,036,943</b>
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
<b>Capital contributions</b>	<b>1,518,308</b>	<b>2,998,945</b>
<b>Change in net position</b>	<b>2,006,596</b>	<b>5,035,888</b>
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**

	<b>2014</b>	<b>2013</b>
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	6,634,725	3,269,137
Cash flows from non-capital financing activities:		
Property tax revenue	90,071	95,927
Net cash provided by non-capital financing activities	90,071	95,927
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	(2,251,853)	(4,144,340)
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	(2,940,573)	(1,710,347)
<b>Net increase(decrease) in cash and cash equivalents</b>	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	\$ 8,551,983	7,019,613
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	\$ 8,551,983	7,019,613

***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**

	<b>2014</b>	<b>2013</b>
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	3,554,262	946,704
Net cash provided by operating activities	\$ 6,634,725	3,269,137
Non-cash investing, capital and financing transactions:		
Change in fair value of investments	\$ 11,756	(14,399)
Contributed capital	6,600	55,298

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 30<sup>th</sup> have been accrued as of year end.

**11. Capital Contributions**

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

**12. Capital and Operating Grants**

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a capital or operating grant receivable on the statement of net 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.

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

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

\*\* 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**  
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**(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	-
<b>Total</b>	<b>\$ 13,885,471</b>	<b>10,869,726</b>	<b>3,015,745</b>	<b>-</b>

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	-
<b>Total</b>	<b>\$ 9,500,189</b>	<b>7,485,745</b>	<b>12,189</b>	<b>2,002,255</b>

**North Marin Water District**  
**Notes to the Basic Financial Statements**  
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**(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
<b>Total</b>	<b>\$ 13,885,471</b>		<b>10,869,726</b>	<b>3,015,745</b>

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
<b>Total</b>	<b>\$ 9,500,189</b>		<b>7,485,745</b>	<b>2,014,444</b>

**(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 30<sup>th</sup>, 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
<b>Note receivable – Black Point Golf Links</b>	<b>\$ 2,137,470</b>	<b>2,333,983</b>

**(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**  
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**(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 1<sup>st</sup> trust deed in the above noted October 2008 note receivable, and combined it with the 2<sup>nd</sup> 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**  
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**(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**  
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**(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	<u>12,193,605</u>	<u>4,873,071</u>	<u>(11,617,522)</u>	<u>5,449,154</u>
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	<u>3,048,618</u>	<u>202,768</u>	<u>(186,706)</u>	<u>3,064,680</u>
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	<u>(2,255,172)</u>	<u>(207,367)</u>	<u>186,706</u>	<u>(2,275,833)</u>
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	11,210,782	9,123,016	(8,140,193)	12,193,605
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	3,144,716	196,048	(292,146)	3,048,618
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	(2,283,581)	(263,737)	292,146	(2,255,172)
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**  
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**(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:	<b>2014</b>	<b>2013</b>	
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	<u>\$ 24,956</u>	<u>22,476</u>	

**(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**  
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**(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>

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**(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 1<sup>st</sup> and at a rate of 5.000%. Future annual debt service requirements on the bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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 1<sup>st</sup> and interest is payable semi-annually on October 1<sup>st</sup> and April 1<sup>st</sup> at a rate of 5.000%. Future annual debt service requirements on the bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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 1<sup>st</sup> and interest is payable semi-annually on July 1<sup>st</sup> and January 1<sup>st</sup> at a rate of 5.000%. Future annual debt service requirements on the bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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 1<sup>st</sup> at a rate of 5.000%. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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 1<sup>st</sup> at a rate of 5.000%. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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 1<sup>st</sup> and July 1<sup>st</sup>.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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 19<sup>th</sup> at a rate of 2.4%. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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 27<sup>th</sup> day of each month. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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 1<sup>st</sup>, 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>
<b>Total assets</b>	<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>
<b><i>Liabilities and Net Position</i></b>					
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>
<b>Total liabilities</b>	<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
<b>Total net position</b>	<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>
<b>Total liabilities and net position</b>	<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>
<b>Total assets</b>	<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>
<b><i>Liabilities and Net Position</i></b>					
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>
<b>Total liabilities</b>	<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
<b>Total net position</b>	<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>
<b>Total liabilities and net position</b>	<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
<b>Total operating revenues</b>	<b>18,646,876</b>	<b>743,425</b>	<b>809,210</b>	<b>178,110</b>	<b>-</b>	<b>20,377,621</b>
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
<b>Total operating expenses</b>	<b>13,242,799</b>	<b>313,269</b>	<b>474,269</b>	<b>138,519</b>	<b>-</b>	<b>14,168,856</b>
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)
<b>Operating income(loss)</b>	<b>2,958,442</b>	<b>(40,738)</b>	<b>180,192</b>	<b>(17,433)</b>	<b>-</b>	<b>3,080,463</b>
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)
<b>Total non-operating revenues, net</b>	<b>(2,360,433)</b>	<b>(253,512)</b>	<b>(23,780)</b>	<b>45,550</b>	<b>-</b>	<b>(2,592,175)</b>
<b>Net income(loss) before capital contributions</b>	<b>598,009</b>	<b>(294,250)</b>	<b>156,412</b>	<b>28,117</b>	<b>-</b>	<b>488,288</b>
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
<b>Capital contributions</b>	<b>1,038,765</b>	<b>155,044</b>	<b>294,099</b>	<b>30,400</b>	<b>-</b>	<b>1,518,308</b>
<b>Change in net position</b>	<b>1,636,774</b>	<b>(139,206)</b>	<b>450,511</b>	<b>58,517</b>	<b>-</b>	<b>2,006,596</b>
<b>Net position transfer</b>	<b>(1,550,201)</b>	<b>1,550,201</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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
<b>Total operating revenues</b>	<b>16,997,558</b>	<b>342,446</b>	<b>758,642</b>	<b>157,992</b>	<b>-</b>	<b>18,256,638</b>
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
<b>Total operating expenses</b>	<b>12,351,217</b>	<b>244,634</b>	<b>396,831</b>	<b>148,163</b>	<b>-</b>	<b>13,140,845</b>
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)
<b>Operating income(loss)</b>	<b>2,220,597</b>	<b>(76,430)</b>	<b>213,157</b>	<b>(34,891)</b>	<b>-</b>	<b>2,322,433</b>
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)
<b>Total non-operating revenues, net</b>	<b>(29,836)</b>	<b>(316,701)</b>	<b>(1,905)</b>	<b>62,952</b>	<b>-</b>	<b>(285,490)</b>
<b>Net income(loss) before capital contributions</b>	<b>2,190,761</b>	<b>(393,131)</b>	<b>211,252</b>	<b>28,061</b>	<b>-</b>	<b>2,036,943</b>
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
<b>Capital contributions</b>	<b>1,229,046</b>	<b>1,761,450</b>	<b>3,449</b>	<b>5,000</b>	<b>-</b>	<b>2,998,945</b>
<b>Change in net position</b>	<b>3,419,807</b>	<b>1,368,319</b>	<b>214,701</b>	<b>33,061</b>	<b>-</b>	<b>5,035,888</b>
<b>Net position transfer</b>	<b>(1,970,400)</b>	<b>1,970,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	<b>\$ 67,238,945</b>	<b>8,618,145</b>	<b>4,166,170</b>	<b>1,074,018</b>	<b>-</b>	<b>81,097,278</b>

See accompanying notes to the basic financial statements

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# **Statistical Information Section**



**North Marin Water District  
Statistical Section**

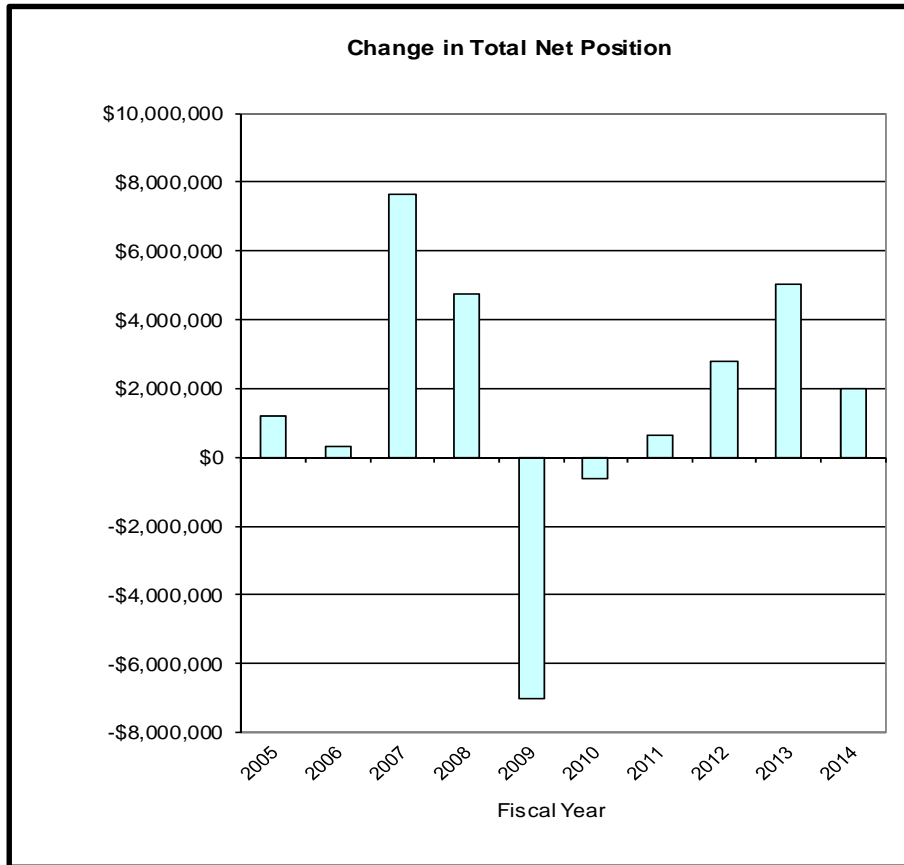
This part of the District's comprehensive annual financial report presents detailed information as context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the District's overall financial health.

**Table of Contents**

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

**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)
<b>Operating income(loss)</b>	(\$515,334)	(\$1,584,719)	(\$2,198,029)
Net non-op revenue(expense) (see schedule 4)	(389,534)	(251,982)	1,178,739
<b>Net income(loss) before capital contributions</b>	(\$904,868)	(\$1,836,701)	(\$1,019,290)
Capital contributions	2,099,524	2,133,298	8,639,031
<b>Change in net position</b>	<b>\$1,194,656</b>	<b>\$296,597</b>	<b>\$7,619,741</b>
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
<b>Total net position</b>	<b>\$71,018,199</b>	<b>\$71,314,796</b>	<b>\$75,463,961</b>



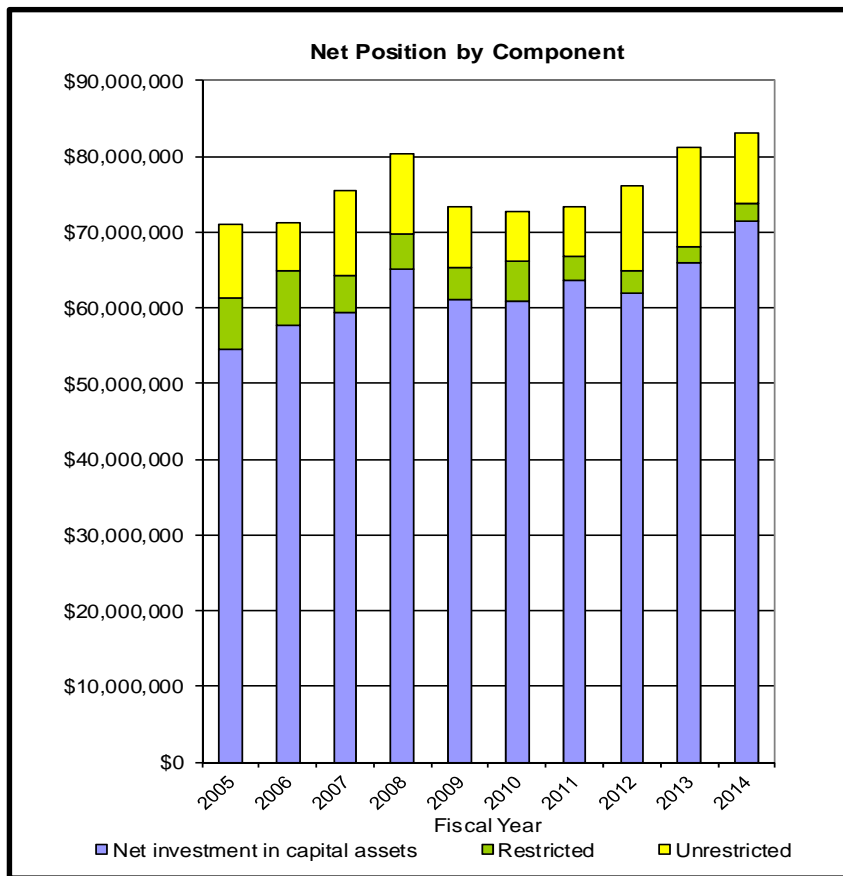
Source: North Marin Water District Audited Financial Statements

(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**

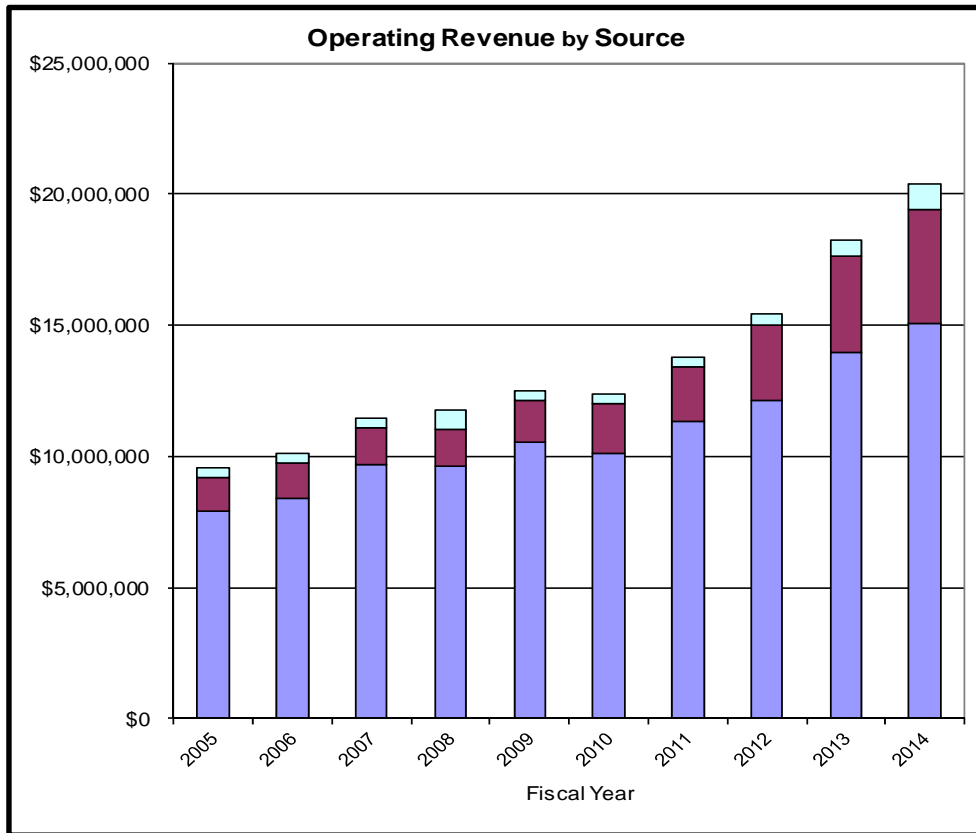
Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$11,779,157	\$12,526,294	\$12,381,493	\$13,797,012	\$15,435,733	\$18,256,638	\$20,377,621
(12,538,993)	(13,257,125)	(13,083,372)	(11,878,612)	(12,610,862)	(13,140,845)	(14,168,856)
(1,761,673)	(10,091,139) <sup>(1)</sup>	(2,659,883)	(2,660,418)	(2,726,598)	(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	9,409,686
\$80,319,790	\$73,283,176	\$72,664,562	\$73,293,456	\$76,061,390	\$81,097,278	\$83,103,874



**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



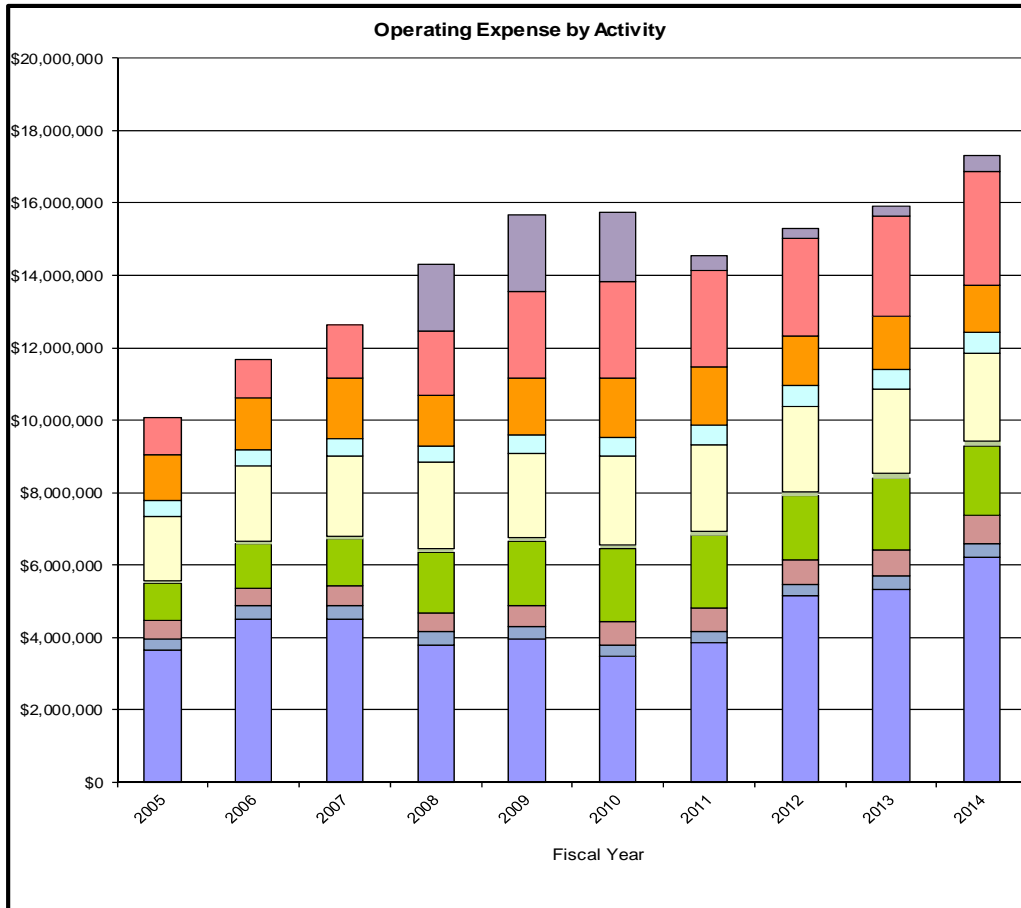
Source: North Marin Water District Audited Financial Statements



## 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



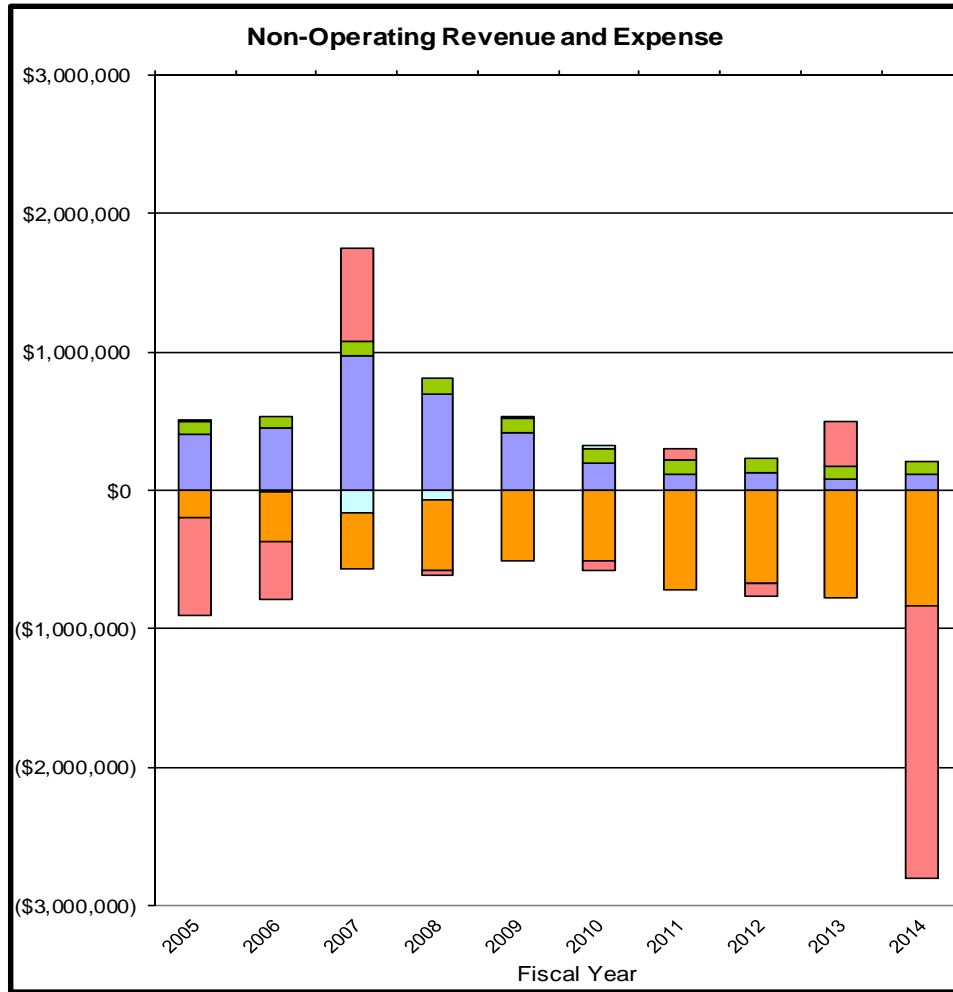
Source: North Marin Water District Audited Financial Statements

- (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 <sup>(1)</sup>	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) <sup>(2)</sup>	(2,592,175)



**Notes:**

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

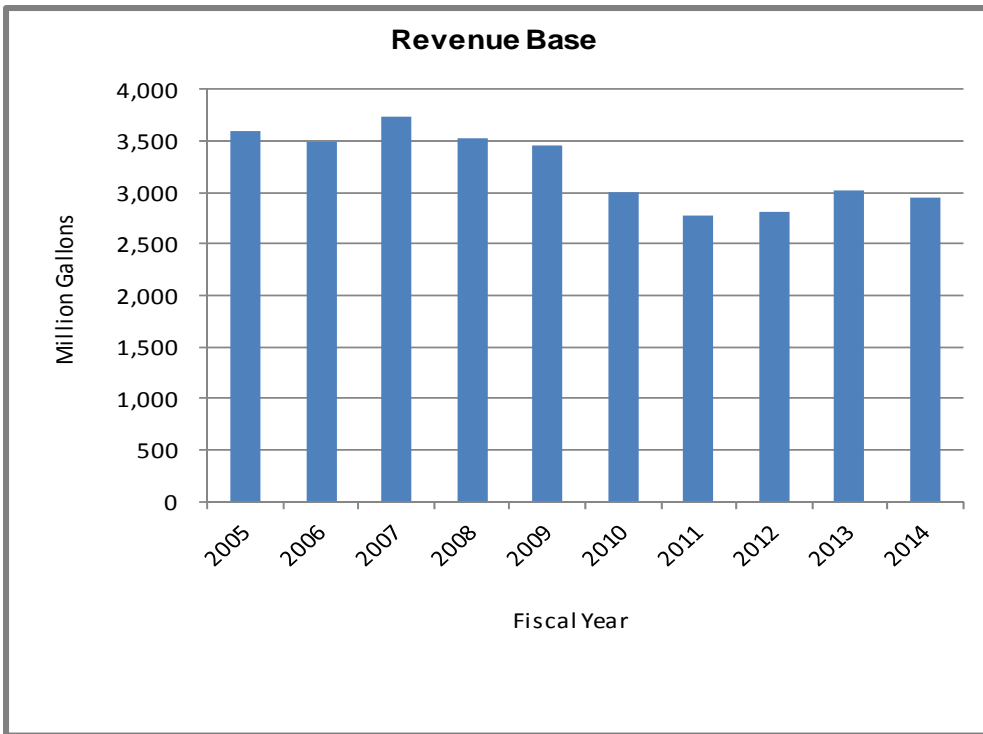
(2) Includes CalPERS Side Fund Payoff (\$2,073,701).

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

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

**Schedule 5**

<b>Fiscal Year</b>	<b>Water Consumption (Million Gallons)</b>
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**

<b>Bimonthly Service Charge</b>										
<b>Meter Size</b>	<b>6/30/05</b>	<b>6/30/06</b>	<b>6/30/07</b>	<b>6/30/08</b>	<b>6/30/09</b>	<b>6/30/10</b>	<b>6/30/11</b>	<b>6/30/12</b>	<b>6/30/13</b>	<b>6/30/14</b>
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

<b>Water Use Rate (per 1,000 Gallons)</b>										
<b>User Type</b>	<b>6/30/05</b>	<b>6/30/06</b>	<b>6/30/07</b>	<b>6/30/08</b>	<b>6/30/09</b>	<b>6/30/10</b>	<b>6/30/11</b>	<b>6/30/12</b>	<b>6/30/13</b>	<b>6/30/14</b>
<u>Residential</u>										
Zone A Base Rate <sup>(1)</sup>	\$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 <sup>(1)</sup>	\$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**

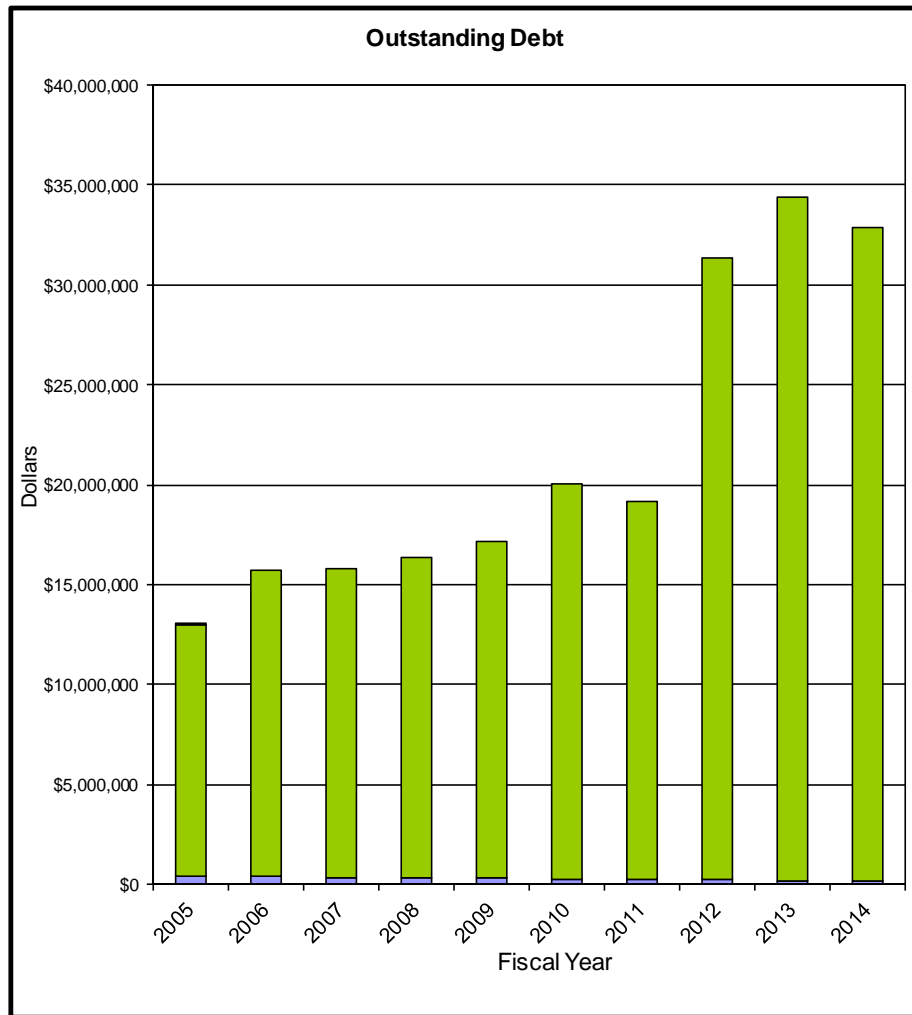
	<b>FY 2013/14</b>	<b>% of Total</b>	<b>FY 2003/04</b>	<b>% of Total</b>
1	City of Novato	2.3%	Coast Guard Spanish Housing	2.1%
2	Novato Unified School District	1.7%	StoneTree Golf Course	1.8%
3	StoneTree Golf Course	1.4%	Novato Unified School District	1.7%
4	Coast Guard Spanish Housing	0.8%	City of Novato	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%
		<b>9.5%</b>		<b>10.5%</b>
	<b>Total Water Service Revenue</b>	<b>\$19,500,000</b>		<b>\$8,040,000</b>

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 <sup>(1)</sup>
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

<sup>(1)</sup> 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<sup>(1)</sup></u>	<u>Operating Expense<sup>(2)</sup></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.

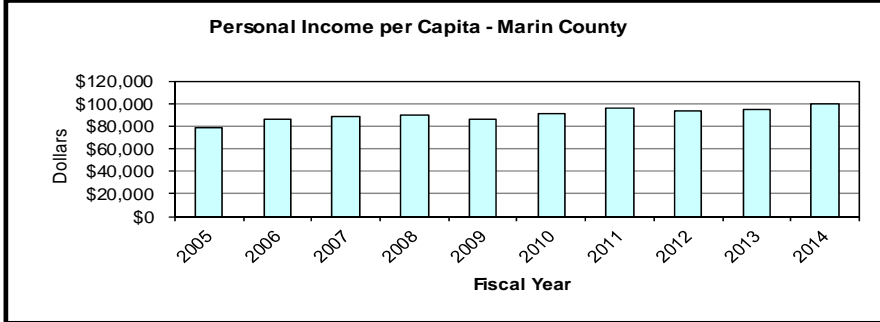
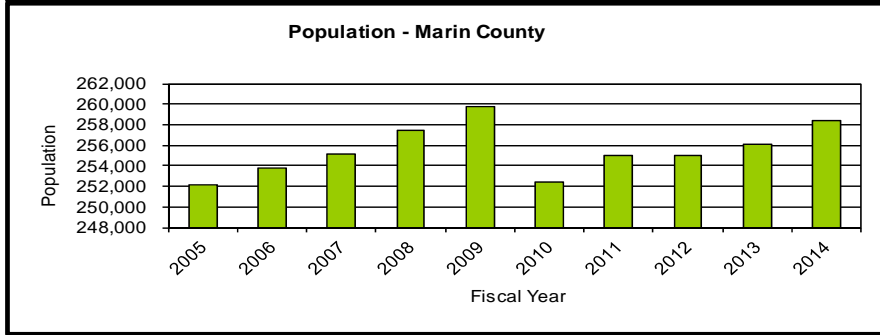
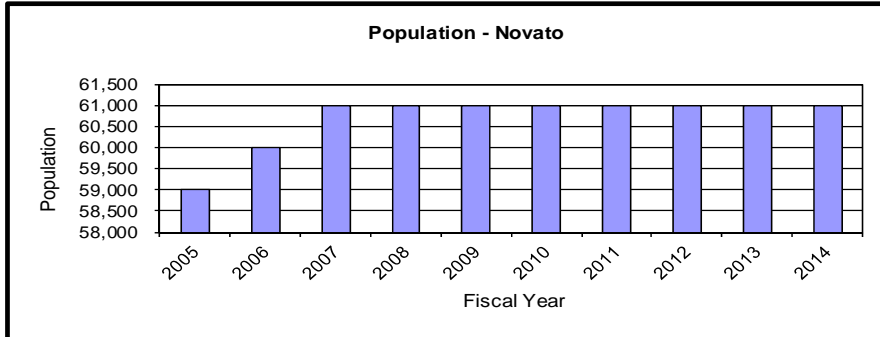
**Source:** North Marin Water District Audited Financial Statements



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

Schedule 11

Year	Novato Service Area <sup>(1)</sup>		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**

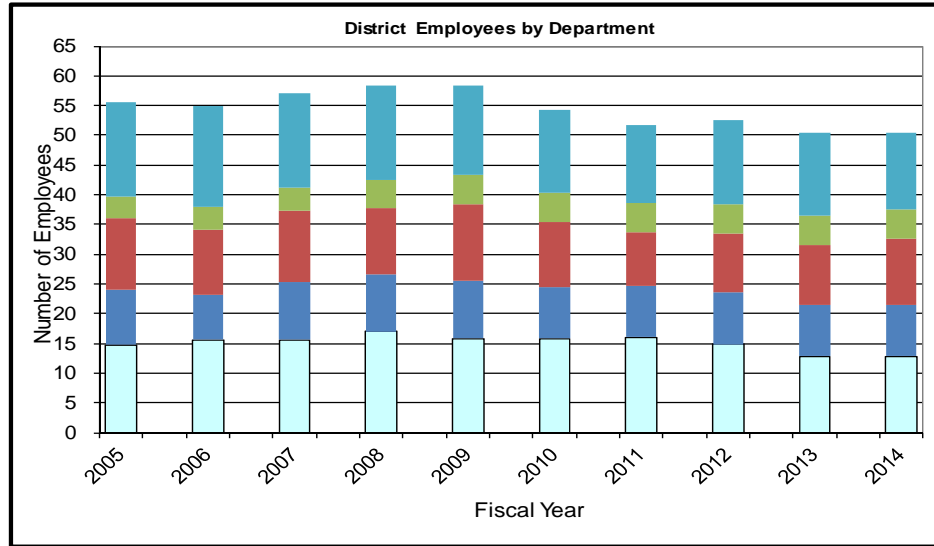
FY 2013/2014				FY 2003/2004		
Employer	Number of Employees	Percent of Total Employment		Employer	Number of Employees	Percent of Total Employment
1 Novato Unified School District	1,264	4.75%		Fireman's Fund	1400	5.81%
2 BioMarin Pharamaceutical	1,052	3.95%		Novato Unified School District	860	3.57%
3 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**

<b>Other Operating and Capacity Indicators</b>				
<b>Fiscal Year</b>	<b>District Area (Square Miles)</b>	<b>Miles of Pipeline</b>	<b>Number of Fire Hydrants</b>	<b>System Storage Capacity (MG)</b>
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  
Christopher J. Brown, CPA

# Charles Z. Fedak & Company

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An Accountancy Corporation

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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 CPAs - An Accountancy Corporation*

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



9

## MEMORANDUM

To: Board of Directors October 31, 2014  
 From: Robert Clark, Operations / Maintenance Superintendent *RC*  
 Subject: Authorize 4x4 Skip Loader Replacement  
 X:\MAINT SUP\2015\BOD\Loader BOD 1114.doc

**RECOMMENDED ACTION:** Authorize Staff to Solicit Bids for the Purchase of a Replacement 4x4 Skip Loader.

**FINANCIAL IMPACT:** None at this time (\$89,000 included in FY14/15 Budget)

In 1993, the District purchased its current front end loader to help improve the efficiency of material loading in the yard and repair facilities access roads throughout the District. The existing CASE loader has served that purpose well; however, it has over 2,493 hours of use and spare parts are no not regularly stocked and hard to procure. Over the past three years, due to the parts availability issues, staff has been required to rent a loader, while repairs were being made to the old loader (breaks, hydraulic hoses and the front drive axles).

In the current FY14/15 budget, staff recommended replacement with a used loader and budgeted \$89,000, with preliminary cost estimates between \$88,000 and \$95,000. In the current economic climate, there are no loaders available in the used market as expected during the budget planning process. A recent review of the California State vehicle / equipment bid list found that there are no vendors able to meet our specifications (only those that sell larger equipment). There are five vendors with whom staff has spoken with that have new equipment which meet our general requirements.

These vendors have been contacted over the past few months to provide staff with information on their Tier 4i equipment (Tier 4i refers to the EPA emission requirements). District staff has developed a specification for proposal, and is therefore recommending that a Request for Proposal be sent to the dealers listed below for competitive bids on this equipment.

Pape Machinery, Rohnert Park, John Deere Brand  
 Sonsray Machinery, San Leandro, CASE Brand  
 Peterson Cat, Santa Rosa, Caterpillar Brand  
 Volvo Equipment, San Leandro, Volvo Brand  
 Garton Tractor, Santa Rosa, New Holland Brand

RECOMMENDATION

Authorize staff to solicit bids for the purchase of a new 4x4 Skip Loader.

Approved by GM *CD*  
 Date: 10/31/2014

10

## MEMORANDUM

To: Board of Directors October 31, 2014  
 From: Robert Clark, Operations / Maintenance Superintendent *RC*  
 Subject: Authorize Forklift Replacement  
X:\MAINT SUP\2015\BOD\BOD Memo re Forklift.doc

## Features

**RECOMMENDED ACTION:** Authorize staff to solicit bids for the purchase of a new Forklift

**FINANCIAL IMPACT:** None at this time (\$30,000 included in FY14/15 Budget)

In 1989, the District purchased the 5,000 lb. capacity forklift to move equipment and materials in the corporation yard and warehouse. The forklift has served that purpose well; however, it has over 4,480 hours of use and the estimated future repair costs will not be cost effective for this old equipment.

In the current FY14/15 budget, staff recommended replacement of forklift and budgeted \$30,000, with the preliminary cost estimates between \$25,000 and \$35,000. There are three vendors with whom staff has spoken with that have equipment which meet our general requirements.

These vendors have been contacted over the past few months to provide staff with information on their Tier 4i equipment (Tier 4i refers to the EPA emission requirements). District staff has developed a specification for proposal, and is therefore recommending that a Request for Proposal be sent to the dealers listed below for competitive bids on this equipment.

Pape Material Handling, Santa Rosa, Hyster Brand  
 Accurate Forklift, Santa Rosa, Nissan Brand  
 Peterson Cat, Oakland, Komatsu Brand

RECOMMENDATION

Authorize staff to solicit bids for the purchase of a new Forklift.

Approved by GM *CD*  
 Date: 10/31/2014

11

## MEMORANDUM

To: Board of Directors October 31, 2014  
From: Drew McIntyre, Chief Engineer   
Subject: NMWD and Marin Country Club MOU for Joint Participation of the  
Recycled Water Central Service Area Expansion Project – Ignacio Service Area  
Extension

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**RECOMMENDED ACTION:** Board approve the MOU between NMWD and Marin Country Club

**FINANCIAL IMPACT:** None at this time

At the September 2, 2014 meeting, the Board received the Draft 2014 Feasibility Study Update to provide recycled water to the Marin Country Club (MCC) golf course. At that time staff informed the Board that MCC had expressed an interest in joint participation in the Recycled Water Central Service Area expansion project with the intent to construct an Ignacio Service Area Extension. This extension, identified as Alternative C in the 2014 Feasibility Update, is shown on Attachment 1.

Since early September, staff has been working with MCC representatives on the development of the subject Memorandum of Understanding (MOU) provided as Attachment 2. This MOU is the result of several meetings with MCC representatives and includes input from NMWD legal counsel. Key elements of the MOU are summarized as follows:

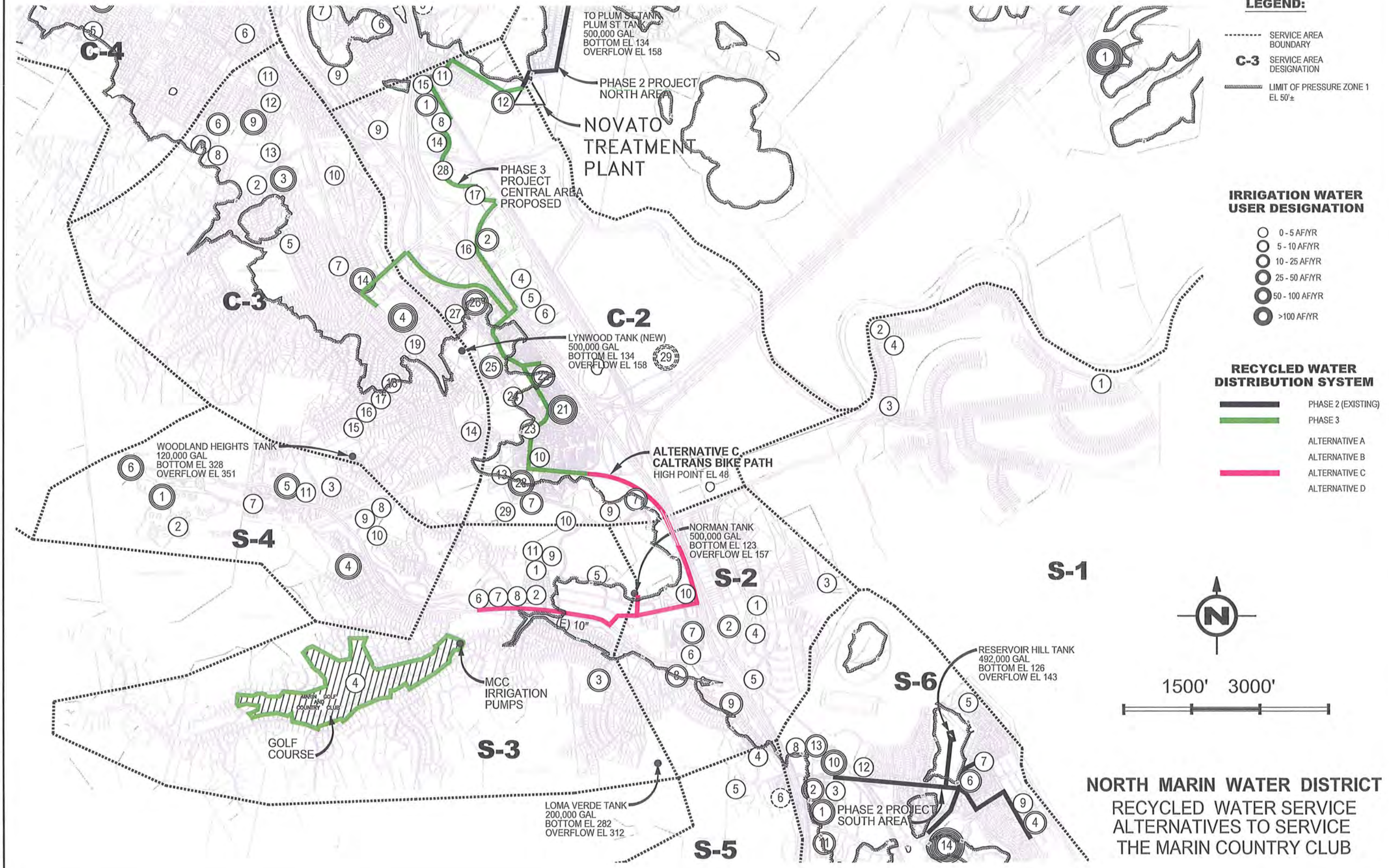
1. Page 3, Second Paragraph – The MOU outlines key terms and conditions and any final terms and conditions will be reflected in a final agreement that will ultimately be approved by both MCC and NMWD Boards
2. Page 3, Subparagraph 2 – MCC is responsible for all on-site retrofit costs.
3. Page 3, Subparagraph 4 – MCC is to pay 60% of the planning, design and construction costs for the Ignacio Service Area Extension. Note that this pro-rata share has a sliding scale to a lower cap of 40% for overages above the total project cost in accordance with Subparagraph 7.
4. Page 5, Subparagraph 9 – NMWD agrees to add the Ignacio Service Area Extension to a State Revolving Fund loan to finance project costs.
5. Page 6, Subparagraph 10 – NMWD agrees to use its best effort to obtain any additional state and/or federal grant funding for this project above the grant funds already earmarked for the Central Service Area Expansion project.

6. Page 6, Subparagraph 12 – MCC will provide a Deed of Trust to serve as a performance guarantee.

In addition to the above summary it should be noted that the MOU has various termination clauses: (1) if permits and design are not completed (Page 3, Subparagraph 1), (2) if the total project costs are too high (Page 5, Subparagraph 7), and (3) should a low interest rate SRF loan not be obtained for the project (Page 6, Subparagraph 9).

#### RECOMMENDATION

Board approve the MOU between NMWD and Marin Country Club for joint participation in recycled water expansion within the Ignacio Service Area.





MEMORANDUM OF UNDERSTANDING  
BETWEEN  
NORTH MARIN WATER DISTRICT  
AND  
MARIN COUNTRY CLUB  
FOR JOINT PARTICIPATION IN THE  
RECYCLED WATER CENTRAL SERVICE AREA EXPANSION PROJECT

Whereas, Nute Engineering prepared a Master Plan (May 2006 Recycled Water Implementation Plan) for North Marin Water District (NMWD) which recommends that recycled water produced by Novato Sanitary District (NSD) be delivered to the Novato Recycled Water System – North and Central Service Areas and recycled water produced by Las Gallinas Valley Sanitary District (LGVSD) be delivered to the Novato Recycled Water System – South Service Area; and

Whereas, NSD and NMWD entered into the third revised Inter-Agency Agreement for Recycled Water on May 10, 2011 (initial agreement was executed on December 14, 2004); and

Whereas, NSD and NMWD have previously constructed the Phase I Recycled Water Project (providing initial service to anchor customer, Stone Tree Golf Course, NMWD Job No. 1.2493.02) and Phase 2 Recycled Water Project - North Service Area Expansion (NMWD Job No. 5.6055) pursuant to said Inter-Agency Agreement; and

Whereas, LGVSD and NMWD have entered into an Inter-Agency Agreement for Recycled Water executed on April 19, 2011; and

Whereas, LGVSD and NMWD have previously constructed a Recycled Water project to serve the Phase 2 Recycled Water Project - South Service Area Expansion (NMWD Job 5.6056) pursuant to said Inter-Agency Agreement; and

Whereas, Marin Country Club (referred to as MCC) paid NMWD for Nute Engineering to prepare a focused feasibility study (NMWD Job 1 2775.00, May 2014) which recommends that recycled water produced from NSD be delivered to the proposed Novato Recycled Water System Central Service Area Expansion – Ignacio Service Area Extension - to irrigate MCC's golf course (the "Ignacio Service Area Extension Expansion Project"); and

Whereas, with completion of the 2014 Nute Engineering study, MCC is requesting to participate as a partner in NMWD's Recycled Water System expansion - Central Service Area Project with the above described Ignacio Service Area Extension; and

Whereas, MCC has previously paid NMWD for up to 36,888 gallons per day (or 58 equivalent dwelling units, EDUs) of potable water for supplemental irrigation of the MCC golf course; and

Whereas, MCC desires to transfer said golf course supplemental irrigation supply from potable to recycled water and increase available NMWD irrigation supply from 36,888 gallons per day (~ 20 acre-feet per year) up to 336,000 gallons per day (~150 acre-feet per year) for a maximum of 528 EDUs; and

Whereas, the delivery of 336,000 gallons per day is expected to be taken by MCC over a seven (7) hour period resulting in a peak instantaneous flow of 800 gallons per minute (gpm); and

Whereas, the Ignacio Service Area Extension will benefit MCC and other prospective Recycled Water users by enabling NMWD delivery of Recycled Water from the south end of the Central Service Area to a rehabilitated existing Norman Tank and then to and along Ignacio Blvd terminating at a new NMWD meter to serve MCC golf course irrigation (see attached schematic); and

Whereas, the new MCC meter will be located approximately 300 lineal feet east of the intersection of Ignacio Blvd and Country Club Drive at an approximate elevation of 75 feet (NAVD 88) resulting in a low pressure service estimated to be approximately 25 psi at the new MCC meter; and

Whereas, because the Ignacio Service Area Extension will contribute to meeting NMWD's long term recycled water needs, NMWD agrees to provide an alternate financial arrangement(s) funding mechanism.

NOW, THEREFORE, this Memorandum of Understanding (MOU) addresses the intent between NMWD and MCC for joint participation in the proposed Ignacio Service Area Extension Expansion Project. This MOU outlines key terms and conditions with the understanding that any final terms and conditions would be in the final agreement approved by the Board of Directors of both MCC and NMWD (the "Final Agreement"),

1. NMWD shall obtain all permits, California Environmental Quality Act compliance documentation, and prepare all design drawings for construction of the Recycled Water Central Service Area Expansion (i.e., baseline project) plus the Ignacio Service Area Extension. If NMWD fails to meet this obligation, this MOU shall terminate.
2. MCC shall be responsible for the engineering, design, construction permitting, construction and funding of all on-site retrofit requirements for use of recycled water within their property ("On Site Retrofit").
3. MCC shall be responsible to prepare an Operations and Maintenance Plan for the On Site Retrofit which shall serve as a basis for NMWD obtaining regulatory permit approval for the on-site recycled water retrofit from the State Water Resources Control Board. NMWD will own, operate, and maintain in good working condition the Ignacio Service Area Extension.
4. MCC shall pay a pro-rata share of engineering, permitting, design and construction costs for the off-tract facilities necessary (i.e., pipelines and Norman Tank Rehabilitation) to build the Ignacio Service Area Extension to supply recycled water to Marin Country Club as identified herein. The pro-rata share shall be 60 percent of Total Estimated Recycled Water Facilities Cost ("Total Cost"), which equals the percentage of MCC's volume of water flowing through the Ignacio Service Area Extension pipeline compared to the total volume including other potential users along this route between Norman Tank and MCC.

5. Upon MCC's acceptance of the completed recycled water facilities, NSD shall provide and NMWD shall distribute recycled water service meeting or exceeding the most current CCR Title 22 regulations to meet MCC's requirements for landscape irrigation to MCC's golf course in accordance with NMWD regulations from time to time in effect. MCC shall comply with San Francisco Bay Regional Water Quality Control Board Order 96-011, Section 15(A) Prohibitions, and as it may be amended, in compliance with the applicable requirements of NSD ("Producer") and NMWD ("Distributor") regarding production and distribution of recycled water for landscaping irrigation on MCC's property.

6. Initial Charges for the new recycled water service and estimated Ignacio Service Area Extension costs (based upon actual costs incurred for project development, permitting, design and construction are estimated as follows:

a. Initial Charges	\$.....0
b. Reimbursement Fund Charges	\$.....0
c. Subtotal Estimated Initial Charges	\$.....0
d. Estimated Project Costs:	
Construction	\$2,473,500
Contingency (20%)	\$...494,700
Planning, Design and CM (25%)	<u>\$...650,000</u>
Total Estimated RW Facilities Cost	\$3,710,250

7. MCC shall pay NMWD the amount of **\$ 2,226,150**, which is MCC's pro-rata share of the Total Cost for the Ignacio Service Area Extension as set forth in Sections 4 and 6 herein. Said amount will be adjusted to reflect the actual project costs for engineering, permitting, design and construction. If actual project costs are below \$3,710,250, MCC shall pay 60% of the lower actual projects costs. If actual projects costs are higher, MCC shall pay 50% of costs above that amount up to a Total Cost

of \$4,210,250. Should the Total Cost exceed \$4,210,250, MCC shall pay 40% of the costs above that amount up to a Total Cost of \$4,875,000. MCC and NMWD agree to meet and determine the cost share above that amount and this MOU will be modified to reflect that determined cost share or terminated, in which case the Ignacio Service Area Extension pipeline to serve MCC shall not be constructed. Should this MOU be terminated, MCC shall pay 50% of actual costs expended for engineering, permitting and design up to a Total Cost of \$50,000.

8. MCC shall pay the amount stipulated in Section 7 herein to NMWD through bi-monthly principal and interest payments consistent with financing terms on a low interest rate loan from the California Clean Water State Revolving Fund (CWSRF).
9. NMWD will submit an application, or amend the current Recycled Water Central Service Area Expansion application, and use its best efforts to secure a CWSRF loan to finance project costs for the Recycled Water Central Service Area Expansion, including the Ignacio Service Area Extension, to be repaid at 1% interest pursuant to California State Water Resources Control Board Resolution 2014-0019, "To Provide Financial Incentives in Response to the Governor's Drought Proclamation for Near-Term Recycled Water Projects Funded Through the Clean Water State Revolving Fund". Should the above stated 1%, 30-year CWSRF not be available, MCC and NMWD agree to meet and determine whether NMWD will use its best efforts to secure other available low interest CWSRF funding. Should a CWSRF loan not be awarded this MOU will be terminated.
10. NMWD expects to receive approximately \$1.5M in federal grant funding for the baseline Central Service Area Expansion Project, 25% of the baseline Central Service Area Expansion Project costs. NMWD will use its best efforts to obtain additional state and/or federal grant funding for the Ignacio Service Area Extension. If NMWD is successful in securing additional state and/or federal grant funding, the

percentage allocated to the Ignacio Service Area Extension shall equal the percentage allocated to the baseline Central Service Area Expansion Project, and MCC's pro-rata share of the Total Cost shall be reduced by this percentage.

11. If recycled water supplies to MCC are interrupted or curtailed for any reason, NMWD shall supply temporary potable water to the golf course. Such supply of Zone 1 potable water will not exceed 336,000 gallons per day at a rate at or below 800 gallons per minute, and will be at the District's Recycled Water rate pursuant to NMWD Regulation 54 then in effect. If recycled water supplies to MCC are interrupted or curtailed and temporary potable water is not available for any reason, the MCC curtailment shall be equal to the recycled water system-wide curtailment applied to all NMWD recycled water customers. NMWD shall use best efforts to resume the supply of recycled water to MCC.
12. If MCC finances its pro-rata share of the Total Cost pursuant to Section 8 or 9 herein, a Deed of Trust approved by MCC and NMWD shall be recorded in the amount of the MCC pro-rata share of the Total Cost pursuant to Section 7 herein, naming the District as beneficiary to serve as a performance guarantee. This Deed of Trust shall be subordinate to the currently outstanding indebtedness of MCC in the approximate amount of \$3.9 million. In addition, this Deed of Trust shall be made subordinate to any additional indebtedness that MCC enters into after the date of the Final Agreement so long as the total of MCC's outstanding indebtedness (inclusive of amounts owed to NMWD) does not exceed the appraised value of all real property owned by MCC as of the date the Deed of Trust is executed.
13. MCC and NMWD agree to pursue regulatory authority for storage of delivered recycled water for the existing and/or modified on-site golf course water storage ponds/features.

14. The estimated completion date for the construction of the Ignacio Service Area Extension is on or before January 17, 2017, to meet the "near-term projects" requirements for the 1% financing through CWSRF.
15. Approval of this MOU requires a vote of MCC's members. Within 45 days of approval of this MOU by both MCC's and NMWD's Board of Directors, MCC's Board will hold a town hall meeting and request approval of its members for this transaction.

NORTH MARIN WATER DISTRICT

By: \_\_\_\_\_  
President, Board of Directors

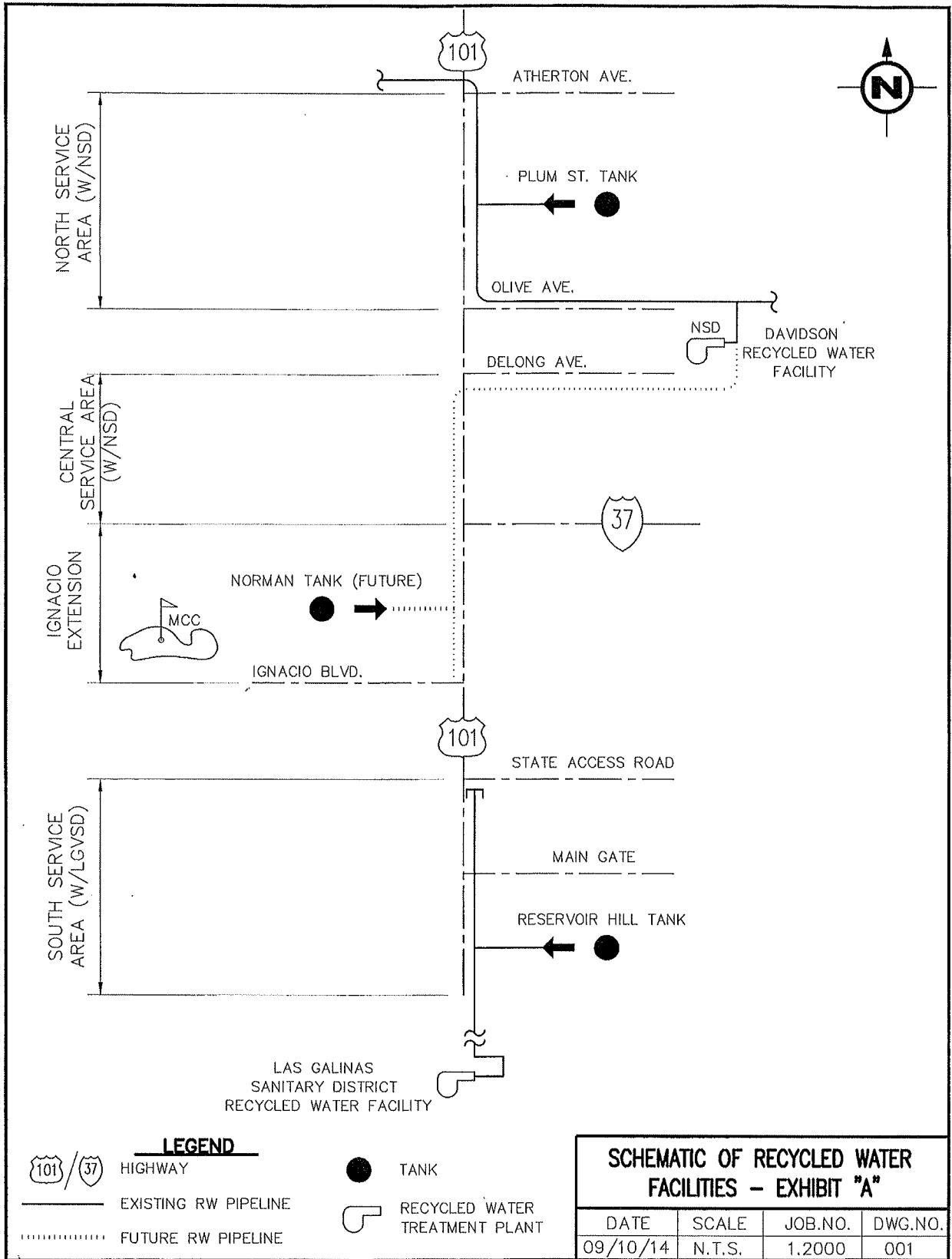
Date: \_\_\_\_\_

MARIN COUNTRY CLUB

By: \_\_\_\_\_  
General Manager

Date: \_\_\_\_\_

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12

MEMORANDUM

To: Board of Directors

October 31, 2014

From: Chris DeGabriele, General Manager 

Subj: Invitation to Participate in Request for Proposal – Tomales Village Community Services District (TVCS D) Administrative Management, Financial Management and Operations and Maintenance Services.

L:\gm\bod misc 2014\tomales rfp.docx

**RECOMMENDED ACTION:** Board consider the invitation and decline to participate.

**FINANCIAL IMPACT:** None

Attached is a letter from TVCS D inviting North Marin to participate in the open bidding process for contract services including: administrative, financial management and operations and maintenance. The supporting RFP's for each of these separate service contracts are also included.

Circa 1976, North Marin Water District assisted the community of Tomales by obtaining grant funding and constructing a community sewer system, and operated that system through the late 1990's. The TVCS D includes its historical perspective on the "State of the District" including the history with NMWD on its website. That history is included as Attachment 2.

TVCS D is now soliciting management, financial and O&M services. It is staff's recommendation that we do not submit interest or respond to the Request for Proposal.

**RECOMMENDATION:**

Board consider the subject Request for Proposals and decline to participate.



## **TOMALES VILLAGE COMMUNITY SERVICES DISTRICT (TVCS D) INVITATION TO PARTICIPATE IN REQUEST FOR PROPOSAL**

The Tomales Village Community Services District (TVCS D) is soliciting proposals from qualified professional firms or individuals licensed in the State of California to provide services and operations for the sewer system and Tomales Community Park for a period of 3 to 5 years with mandatory annual reviews. The required services are:

- Administrative Management/General Management Services
- Financial Management Services
- Operations & Maintenance Services

Services are more fully described in the Scope of Work set forth in the RFP's posted at [www.tomalescsd.ca.gov](http://www.tomalescsd.ca.gov).

TVCS D is a government agency dedicated to operating and maintaining the local wastewater treatment system for the village of Tomales, in the northwest corner of Marin County. The district also maintains and operates our local Tomales Community Park. The unincorporated village of Tomales is located in northwest Marin County, California. Founded in 1850, the village has a steady population of about 200. Within its boundaries are two churches, two schools, the regional school district headquarters, and numerous small businesses. Agricultural lands, much of it protected from development by Marin Agricultural Land Trust, surround the town.

Respondents or their representatives with an interest in working with the TVCS D must refrain from contacting any public officials, or their employees, either directly or indirectly.

Respondents are required to submit two (2) printed copies and one (1) electronic copy of sealed proposal by no later than 4:00 p.m. on the Proposal Due Date to the address and email below.

**Bill Bonini, Board President, Tomales Village Community Services District**  
**P.O. Box 92, Tomales, CA 94971**  
**Email: <mailto:wmabonini@yahoo.com>**  
**Phone: (707) 878-2271**

The letter of introduction and interest required with the RFP must contain an original, handwritten signature of an authorized representative of respondent. Responding firms will not be allowed to make any changes or corrections after proposal packages are submitted.

The envelope and subject of the response must be marked: "XXXXXXXXX Services." **Proposals received after the Due Date will not be opened or considered.**

Questions about RFP's must be in writing or via email to the address provided. The deadline for submitting questions regarding this RFP is below. All responses to questions, including any significant changes and/or modifications, will be posted to TVCSD's website ([www.tomalescsd.ca.gov](http://www.tomalescsd.ca.gov)) as an Addendum.

RFP Timeline	Financial Management	Administrative Management	Operations & Maintenance
Optional Walk-Through	Upon Request	Upon Request	Upon Request
Request for Clarification due	October 31, 2014	October 31, 2014	March 26, 2015
Responses to Questions	November 17, 2014	November 17, 2014	April 19, 2015
<b>Proposal Due Date</b>	<b>November 24, 2014</b>	<b>November 24, 2014</b>	<b>May 3, 2015</b>
Short List Published	December 8, 2014	December 8, 2014	May 17, 2015
Bidder Interviews Begin	December 15, 2014	December 15, 2014	May 24, 2015
Contractor Selection	January 12, 2015	January 12, 2015	June 14, 2015
District Awards Contract	January 19, 2015	January 19, 2015	June 21, 2015

Firms must be prepared to meet with the TVCSD representatives to discuss any portion of their qualification package before a decision is made concerning responses to this RFP. Respondents will be responsible for any costs associated with, or incurred in, preparing or responding to the RFP. All submitted responses will be retained as property of the TVCSD and will not be returned.

RFP's contain, in general terms, the overall objectives of the TVCSD in obtaining the services of a contractor. While an attempt has been made to describe the general expectations of the TVCSD and the anticipated work to be performed, the TVCSD and the successful firm will need to define a more specific scope of work and fee schedule as part of the negotiation process.

TVCSD reserves the right to reject any or all Proposals, to waive all technicalities and to select the firm that the Board determines to best meet the needs of TVCSD for this contract.

TOMALES  
VILLAGE



COMMUNITY  
SERVICES  
DISTRICT

# **Request for Proposal**

***Administrative Management for  
Community Services District,  
a California Special District***

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For more information, please refer to the TVCS D website: [www.tomalescsd.ca.gov](http://www.tomalescsd.ca.gov)

## 1 PURPOSE

The Tomales Village Community Services District (TVCS D), a California Special District, is requesting proposals from qualified and experienced firms or individuals who can provide efficient administrative management to the TVCS D located in Marin County for three (3) to five (5) years. This Request For Proposal (RFP) position will be completed by private contract through a transparent competitive bidding process.

The purpose of this RFP is to provide the TVCS D with the assurance that the administrative management of the District facility is in substantial compliance with all local, state, and federal provisions (where applicable). An important objective is to maintain a level of high quality service to the people of this services district through appropriate documentation and workflow methodology (best practices) in the most responsible and cost effective and environmentally sustainable manner possible.

Qualified entities are invited to submit written proposals for consideration in accordance with this request. These services will be conducted under a contract with the TVCS D hereinafter referred to as the "District" and the Contractor entity is hereinafter referred to as "Contractor."

The contract will be regulated according to the provisions of all State and local laws and ordinances that are applicable.

## 2 BACKGROUND

The Service District was formed in 1998 after being acquired from North Marin Water District. The primary purpose of the District is to operate and manage the wastewater treatment plant (WWTP) and the community park. The operation and maintenance of the WWTP is funded through service fees, while the capital improvements are funded through grants and low interest loans through the State Water Resources Control Board. Loans are repaid through operating funds. The operation and maintenance of the Tomales Community Park is funded entirely through donations, fundraisers, grants and Measure A funds. Capital improvements at the Park are paid for by state, federal and private grants and material and in-kind donations.

## 3 PROPOSED SCHEDULE OF EVENTS

Issue Request for Proposal	October 31, 2014
Questions or Request for Clarification due	November 17, 2014
Responses to Questions	November 24, 2014
<b>Proposal Due Date</b>	<b>December 8, 2014</b>
Short List Published	December 15, 2014
Bidder Interviews Begin	January 12, 2015
Contractor Selection	January 19, 2015

## 4 SELECTION CRITERIA – SEE FORM AT APPENDIX A

The District will evaluate proposals based on the following criteria and may short-list for interview purposes:

1. The completeness of the proposal in response to this RFP.
2. The methodology for carrying out the tasks described in the proposal.
3. The qualifications and experience of the personnel of the successful proposer, their performance of similar work and the experience and qualifications to perform the work.
4. References.
5. Proposed fees.

## TVCS D Request For Proposal:

## Operations and Maintenance for Wastewater Treatment Facility

### 6. Interviews, if conducted.

The Board will rank all timely and responsive proposals. The Board may interview some or all proposers. If interviews are conducted, the proposal rankings will not be final until interviews are complete. When rankings are final, the Board or designated Board member(s) will commence negotiations with the highest ranked proposer.

After negotiating a proposed agreement that is fair and reasonable, the final agreement will be presented to the full Board for approval. The Board has final authority to approve or reject the final agreement.

By submitting a proposal, each proposer agrees to the following:

1. The District reserves the right to waive any irregularity in any proposal.
2. The District reserves the right to reject any or all proposals.
3. The District reserves the right to request additional proposals.
4. The District reserves the right to request clarification of information submitted and to request additional information from any proposer.
5. The District reserves the right to award any contract to the next most qualified proposer, if it cannot reach agreement with the first selected proposer.
6. The agreement between the successful proposer and the District will be in a form supplied or approved by the District.
7. This RFP does not constitute an offer by TVCS D to enter into a contract, nor does any response to this RFP constitute an acceptance of an offer. A response to this RFP does not bind the District in any way.
8. The District will not be responsible for any costs incurred by the firm in preparing, submitting or presenting its response to the RFP.
9. Each proposal will remain valid for a period of at least 60 calendar days from proposal due date.

## **5 SCOPE OF WORK**

The Scope of Work is to provide full service administrative and general management of the District in accordance with all provisions within this RFP. The contract term is a three (3) to five (5) year agreement renewable through the TVCS D competitive bidding process (posted on TVCS D website). Contractor will provide an approved person or persons as needed to deliver the required services for this contract period. The firm selected will be a California entity and all subjects performing the District's administrative functions will have the appropriate qualifications. Your proposal should contain, but not be limited to the following considerations:

Eligibility – educational background and references.

Experience with government administration and preferably non-profit.

A list of similar local government and non-profits or pertinent accounts served by you or your firm.

Your staff assignments and availability to complete the required duties on a timely basis.

- Participation of senior personnel assigned to the engagement.
- Frequency of contact with assigned administrative personnel.
- Availability of staff to respond to questions within the scope of the described duties and the hourly charge, if any, for services outside the scope of the described duties (“Non-Standard Duties”).

Stability history - what assurances can you provide the District regarding the assignment of your permanent personnel to this engagement? Describe transition plan in the event of personnel changes.

Describe capability to manage, improve and maintain existing TVCS D administrative systems.

Describe specific activities that will support and improve the environmental sustainability of the District. Give examples of proposed initiatives that will advance the Board's strategic sustainability goals.



Procedures and tools (i.e. software and hardware) used to perform administrative transactions along with all supporting documents to develop management reports for all personnel within the District structure.

Describe package to be provided for regular Board meetings, availability of assigned personnel to attend Board meetings and discuss administrative issues and concerns, as well as projections based on approved budget and District needs.

Your fee proposal to conduct the required administrative function, along with your fee schedule for additional services that may be required beyond the scope of the basic administrative engagement (i.e. management of occasional approved CIPs). The proposal should also state that any increase in the administrative fee will be immediately disclosed to the TVCS D Board of Directors. This disclosure should include an estimation of the increased fees and the reason for the increase.

Estimated number of hours to complete the requested administrative duties by classification of you and/or your employees, i.e. partners, senior, junior.

Detail of expenses expected to be incurred, i.e. mileage, per diem, telephone, etc.

Administrative personnel will produce documentation detailing monthly activities and summary reports to be included in monthly TVCS D Board packet, annual budget supporting documents (as necessary), and provide administrative input and analysis into the annual report.

## **5.1 COMMUNICATIONS**

### **5.1.1 REPORTING**

Contractor will maintain staffing and procedures necessary to insure timely professional communications with the District.

### **5.1.2 DOCUMENT FORWARDING**

Both District and Contractor will immediately forward to each other any document or information received which concerns the administrative management of the District.

### **5.1.3 CUSTOMERS**

Contractor will develop and provide a work request tracking system to document calls from District customers. The system will include a method for action tracking and reporting.

### **5.1.4 REGULATORS**

Contractor shall provide written and oral communications with regulatory agencies concerning the administrative management of the District.

### **5.1.5 DISTRICT**

Contractor will provide copies to the District of written communications with regulatory agencies and report substantive conversations or communications that affect the District. At least monthly the Contractor will attend a Board of Directors meeting and present Board-level reports.

### **5.1.6 CONTRACTOR RESPONSIBILITIES**

- Cooperation - Contractor will cooperate with the District's engineers, attorneys, sub-contractors or others engaged by the District to ensure that administrative transactions are complete and accurate. Non-Schedule Work may apply where appropriate.
- Professionalism - Contractor will conduct business in the highest professional manner and conduct

themselves appropriately when dealing with District customers, regulators, citizens at large, politicians or others while conducting business on behalf of the District.

## **5.2 DISTRICT ADMINISTRATIVE MANAGEMENT**

### **5.2.1 CONTRACTOR'S REPRESENTATIVE**

Contractor will designate a General Manager as a main point of contact to conduct the business of the Contractor. The General Manager will assume the duties and legal requirements according to Government Code Section 61000 (Community Services District Law), "61002(f) *General Manager means the highest level management appointee who is directly responsible to the Board of Directors for the implementation of the policies established by the Board of Directors.*"

### **5.2.2 SCOPE OF DUTIES**

The General Manager, or his designee, will have responsibility for managing the Contractor's activities under these Specifications.

#### **5.2.2.1 Office Management**

- Organize and maintain current and past files and plans of the District in an easily accessible system.
- Answer telephone and retrieve messages and maintain a Call Record.
- Receive, date and process all incoming mail, correspondence and plans; process all outgoing mail.
- Manage and maintain correspondence from the Board to carry out District business.
- Interface with community members, conduct surveys, and assimilate relevant information; receive complaints and forward to the Board.
- Provide answers to or refer questions to the Board for all correspondence.
- Provide copies to the Board of all incoming and outgoing correspondence.
- Assist with setting of Board agenda with Board President and Secretary and assuring the agenda is posted according to laws.
- Oversee timely development of Board packet for monthly meetings and any special meetings; packet should include important supporting information for all agenda items and all correspondence.
- As directed by the Board, coordinate bid proposals and contracts for regular operations work to be performed.
- Secure and maintain affordable insurance policies for the District and insure that coverage is sufficient.
- Adhere to all local and state laws and advise Board on changes to said laws and address compliance issues.
- Maintain Minutes Book, Board Resolution Book and District Agenda Binder.
- Coordinate periodic TVCS D Newsletter with Newsletter Committee.
- Insure District website is current. Post district agendas, minutes and board packets in a timely manner and keep the public is kept up-to-date with postings of district news.
- Submit regulatory reports to local and state agencies as required.

#### **5.2.2.2 Administrative Support**

- Research and identify ongoing funding sources, both public and private; keep Board current on available funding opportunities; apply for funding as directed by the Board; oversee follow-up reporting to funders as required. Work well with Financial Manager to maximize fund-raising effectiveness.
- Gather backup information for ongoing Board discussions of the annual budget process.
- Interface with Marin County as needed on tax collection, payment, delinquency and new hook-ups; coordinate with fiscal manager; advise Board as needed.
- Adhere to TVCS D Reserve Policy goals and objectives and assure that required funds are being added regularly and that use of funds follows TVCS D CIP protocols.
- Assist with documentation of policies; maintain historical and reference documents.

#### **5.2.2.3 Sewer System Administration**

- Oversee contract with sewer operations and maintenance contractor, insure performance standards are

- being met; oversee annual review of performance contract.
- Devise and maintain work order system. Maintain record book.
- Coordinate all new sewer hook-ups and insure they are all inspected and meet District standards according to ordinances and specifications.
- Maintain maps of all sewer components and new hook-ups and annexations.
- Assure the sewer maintenance schedule is adhered to and effective at all times.
- Oversee all capital improvement projects as directed by the Board and Standing Committees.
- Coordinate Sewer Plant Tours.

#### 5.2.2.4 Tomales Community Park

- Interface with Park Committee for ongoing maintenance, improvement projects, and public fundraisers.
- Inspect park monthly, directing maintenance as required.
- Work with Park Committee to recruit and coordinate all volunteer activities.
- Establish and publish park rules as directed by the Board and Park Committee.
- Establish park rentals and oversee rentals of the park as directed by the Park Committee and Board.
- Oversee all park improvement projects as directed by the Board and Park Committee.

#### 5.2.2.5 Administrator Performance Monitoring

Monitoring Administrator performance will be utilized to determine the degree to which Board policies, goals and objectives are being fulfilled and will include:

- Administrator's Reports to disclose compliance information.
- External Reports from regulators, auditors and relevant agencies.
- Direct Board inspection of documents, activities and circumstances directed by Board for policy compliance.
- Annual formal evaluation of Administrator performance with criteria to be measured as set by Board.

### 5.2.3 NATURE OF SERVICES REQUIRED

The Administrator will have a shared responsibility with the other contracted roles to carry out TVCS D's goals, objectives and policies with the Board of Directors approval, based on contracted services financed through the district's annual operating budget as set each fiscal year. The following areas present an overview of these shared areas of responsibility:

Shared responsibility to implement assigned goals with accurate, concise and timely information and counsel needed for work of Board, committees, operators, ratepayers and affiliate agencies and memberships, including the processes imposed by the Board's governance system.

- Fiscal stability and viability to meet service obligations to ratepayers.
- Achievement of targeted annual budget.
- Identification and communication to the Board of strategic opportunities for TVCS D.
- Safety of TVCS D assets and legal status.
- Accurate, timely and inclusive information needed for successful operation of TVCS D to include performance monitoring data on operations; relevant trends, material incidents and developments, significant decisions, legal jeopardy, changes in assumptions on which Board and Operation policies have been based; and optional points of view and counsel necessary for fully informed Board choices.
- Favorable perception of TVCS D among key leaders in government and industry and stakeholders, including favorable image of the Administrator, developed by working cooperatively with TVCS D Board, Committees, and ratepayers.
- Effective mechanism for Board, Committees, Fiscal Manager, and Operator communications to include ratepayer awareness and communication of the Board.
- Enhance image of the President of the Board in the community as TVCS D leader and spokesperson.

#### 5.2.4 LIMITATIONS FOR ADMINISTRATOR ROLE

Certain actions will be unacceptable to the Board without policy approval and specific directives, and include new business ventures, acquisitions, major partnerships, budgeting, and binding contracts.

##### 5.2.4.1 Required Meetings

- TVCS D Board of Directors meets monthly on the second Wednesday of each month, excluding August and December.
- Annual budget meetings, as necessary.
- Audit support – interface with Board approved auditor to provide input for the annual audit, as necessary.

##### 5.2.4.2 Description of District as Entity

- Non-profit entity. California Community Services District.

##### 5.2.4.3 Available Manuals and Information Sources

- Minutes of the board meetings of the District
- Functional work description of Administrator
- Policies and Procedures

Details of fixed assets are maintained. The fixed assets ledger was constructed with historical information by the current contracted General Manager during prior accounting periods.

Available for Examination:

- 5 Year Strategic Plan
- Prior Audit Reports.
- Prior fiscal year financial statements and supporting documents.
- Budgets – current and prior year. Budget is maintained and is available for examination.

Staff members will be available to pull and reproduce documents. Legal counsel will be made available with prior Board approval.

Work areas will be provided by the District in close proximity with the administrative records on the premises.

##### 5.2.4.4 Reporting Requirements

Monthly reports will be addressed to the Board of Directors and will contain relevant items for Board discussion, reference, or action as described within.

- Monthly management summary reports will be required to accompany the Board packets. It should contain a discussion of administrative issues, project status, and other relevant results and recommendations affecting internal control, legality of actions, other instances of non-compliance with laws, and any other material matters.
- Any reports required by regulatory agencies, local and state laws.

##### 5.2.4.5 Time Requirements

- Proposals will be delivered to the District office according to the schedule on page 3.

- Once a contract has been signed, work may begin immediately to transition the required tasks in a progressive manner with costs to be billed to the District as the charges generated by the Contractor in accordance with the original agreement.
- Preliminary work to review accounts can begin immediately.
- The administrative transition will be completed in a timely manner.

### 5.2.5 AVAILABILITY

The Engagement Manager will be available to consult with District staff during normal business hours.

## 5.3 NON-STANDARD DUTIES

This section is intended to provide a mechanism to equitably manage changes in District administrative management that is considered to be beyond the normal scope of work.

### 5.3.1 NON-SCHEDULED WORK

Non-Scheduled Work will be billed in accordance with these Specifications in accordance with our then-current Schedule of Rates. Non-Scheduled Work will be invoiced at the end of the month in which the work was performed. At the Contractor's option, small specific project billing may be accumulated, or held, for a few months until a single invoice can be prepared. (Note: Non-Scheduled Work is a sole source mechanism for the District to utilize when sending out Requests for Proposals "RFPs" and obtaining multiple bids or proposals is unwarranted or uneconomical.)

Project Bids - Occasionally the District and Contractor may wish to prepare a separate contract outside the scope of these Specifications for Non-Scheduled Work. Upon receipt of a Request for Proposal (RFP) from District, Contractor may, or may not, submit a bid. In the case where a bid is submitted and accepted by the District, the terms of the bid will be exclusively those contained in the bid and will not automatically adopt these Specifications unless specified in writing otherwise. This provision is utilized most often when projects arise outside the Contractor's scope and the District desires to receive multiple bids or proposals.

### 5.3.2 DISTRICT INITIATED WORK

When authorized by the District, Contractor may perform work outside the scope of these specifications as Non-Scheduled Work.

### 5.3.3 EMERGENCIES

In the event of an emergency situation, Contractor shall make every reasonable effort to contact the District before incurring costs for Non-Scheduled Work. In the event the Contractor cannot reach the District, Contractor is authorized to make reasonable and necessary expenditures to alleviate the emergency condition. In the event such expenditures were made, Contractor shall notify the District the next normal work day and provide a written report to the District as soon as practical.

### 5.3.4 NEW CONSTRUCTION

When requested by the District, Contractor will undertake the administrative management of new or modified projects as Non-Scheduled Work. Within eighteen months Contractor will amend its agreement with the District to reflect the costs of the new or modified projects. Contractor shall provide estimates of these costs/services before commencing them and require approval for construction administration.

### 5.3.5 WORK BY OTHERS

District may have work done by others that impacts Contractor. Work performed by Contractor necessary to coordinate with others will be billed to District as Non-Scheduled Work.

## 5.4 INSURANCE

### 5.4.1 CONTRACTOR'S INSURANCE

Contractor will maintain and keep in full force the insurances listed in this section. Additionally, the Contractor will name the District as additional insured. Contractor will provide Certificates of Insurance to the District.

- Workers Compensation Insurance - Statutory amounts in compliance with state laws.
- Commercial General Liability and Automobile: \$1,000,000 per occurrence.
- Professional Liability Insurance: \$1,000,000 per occurrence.

All questions and correspondence should be directed in writing to:

**Bill Bonini, Board President, Tomales Village Community Services District**  
**P.O. Box 92, Tomales, CA 94971**  
**Email: <mailto:wmabonini@yahoo.com>**  
**Phone: (707) 878-2271**

Contact with TVCS D personnel other than Bill Bonini, President TVCS D, regarding this RFP may be grounds for elimination from the selection process.

We will look forward to receiving your proposals on or before the stated due date.

TOMALES  
VILLAGE



COMMUNITY  
SERVICES  
DISTRICT

# **Request for Proposal**

***Financial Management Services for  
Community Services District,  
a California Special District***

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<b>6 APPENDIX A - PROPOSAL EVALUATION FORM .....</b>	<b>Error! Bookmark not defined.</b>



**1 PURPOSE**

The Tomales Village Community Services District (TVCS D) is requesting proposals from qualified and experienced individuals or firms who can provide sound fiscal management to the TVCS D, located in Marin County, for the fiscal year ending June 30, 2015, and for 2 to 4 subsequent fiscal years. This Request For Proposal (RFP) position will be completed by private contract utilizing a transparent competitive bidding process.

The purpose of the RFP is to provide the TVCS D with the assurance that the financial management of the District facility is in substantial compliance with all local, state, and federal provisions (where applicable). An important objective is to maintain a level of high quality service to the people of this service district through appropriate documentation and workflow methodology (best practices) in the most responsible and cost effective and environmentally sustainable manner possible.

Qualified entities are invited to submit written proposals for consideration in accordance with this request. These services will be conducted under a contract with the TVCS D hereinafter referred to as the "District" and the Contractor entity is hereinafter referred to as "Contractor."

The contract will be regulated according to the provisions of all State and local laws and ordinances that are applicable.

**2 BACKGROUND**

The Service District was formed in 1999 after being acquired from North Marin Water District. The primary purpose of the District is to operate and manage the wastewater treatment plant (WWTP) and the community park. The operation and maintenance of the WWTP is funded through service fees, while the capital improvements are funded through grants and low interest loans through the State Water Resources Control Board. Loans are repaid through operating funds. The operation and maintenance of the Tomales Community Park is funded entirely through donations, fundraisers, grants and Measure A funds. Capital improvements at the Park are paid for by state, federal and private grants and material and in-kind donations.

**For more information, please refer to the TVCS D website: [www.tomalescsd.ca.gov](http://www.tomalescsd.ca.gov)**

**3 PROPOSED SCHEDULE OF EVENTS**

Issue Request for Proposal	October 31, 2014
Questions or Request for Clarification due	November 17, 2014
Responses to Questions	November 24, 2014
<b>Proposal Due Date</b>	<b>December 8, 2014</b>
Short List Published	December 15, 2014
Bidder Interviews Begin	January 12, 2015
Contractor Selection	January 19, 2015

**4 SELECTION CRITERIA – SEE FORM AT APPENDIX A**

The District will evaluate proposals based on the following criteria and may "short list" for interview purposes:

1. The completeness of the proposal in response to this RFP.
2. The methodology for carrying out the tasks described in the proposal.
3. The qualifications and experience of the personnel of the successful proposer, their performance of similar work and the possession of all licenses to perform the work.
4. References.
5. Proposed fees.

6. Interview, if conducted.

The Board will rank all timely and responsive proposals. The Board may interview some or all proposers. If interviews are conducted, the proposal rankings will not be final until interviews are complete. When rankings are final, the Board or designated Board member(s) will commence negotiations with the highest ranked proposer.

After negotiating a proposed agreement that is fair and reasonable, the final agreement will be presented to the full Board for approval. The Board has final authority to approve or reject the final agreement.

By submitting a proposal, each proposer agrees to the following:

1. The District reserves the right to waive any irregularity in any proposal.
2. The District reserves the right to reject any or all proposals.
3. The District reserves the right to request additional proposals.
4. The District reserves the right to request clarification of information submitted and to request additional information from any proposer.
5. The District reserves the right to award any contract to the next most qualified proposer, if it cannot reach agreement with the first selected proposer.
6. The agreement between the successful proposer and the District will be in a form supplied or approved by the District.
7. This RFP does not constitute an offer by TVCS D to enter into a contract, nor does any response to this RFP constitute an acceptance of an offer. A response to this RFP does not bind the District in any way.
8. The District will not be responsible for any costs incurred by the firm in preparing, submitting or presenting its response to the RFP.
9. Each proposal will remain valid for a period of at least 60 calendar days from the proposal due date.

## 5 SCOPE OF WORK

The Scope of Work is to provide full service financial management of the District in accordance with all provisions within this RFP. The contract term is a three to five year agreement renewable through the TVCS D competitive bidding process (posted on TVCS D website). Contractor will provide an approved person or persons as needed to deliver the required services for this contract period. The firm selected will be a California entity and all subjects working the District's financial transactions will have the appropriate qualifications. Your proposal should contain, but not be limited to the following considerations:

Eligibility – educational background and references.

Experience with government financial (GASB) and non-profit accounting.

A list of similar local government and non-profits or pertinent accounts served by you or your firm.

Your staff assignments and availability to complete the required duties on a timely basis.

- Participation of senior personnel assigned to the engagement.
- Frequency of contact with assigned accounting personnel.
- Availability of staff to respond to questions within the scope of the described duties and the hourly charge, if any, for services outside the scope of the described duties (“Non-Standard Duties”).

Stability history - what assurances can you provide the District regarding the assignment of your permanent personnel to this engagement? Describe transition plan in the event of personnel changes.

Describe capability to manage and maintain existing TVCS D accounting system.

Procedures used to transmit accounting transactions and all supporting documents along with management summaries to the General Manager.

Describe financial package to be provided for regular Board meetings, availability of assigned personnel to attend Board meetings and discuss financial results, as well as projections based on approved budget and District needs.

Include your fee proposal to conduct the required accounting function, along with your fee schedule for additional services that may be required beyond the scope of the accounting engagement. The proposal should also state that any increase in the accounting fee would be immediately disclosed to the TVCS D Board of Directors. This disclosure should include an estimation of the increased fees and the reason for the increase.

Estimated number of hours to complete the requested accounting duties by classification of you and your employees, i.e. partners, senior, junior.

Detail of expenses expected to be incurred, i.e. mileage, per diem, telephone, etc.

Accounting personnel will produce monthly statements to be included in monthly TVCS D Board packet, annual budget documents (as necessary), and provide financial input and analysis into the annual report.

## **5.1 COMMUNICATIONS**

### **5.1.1 REPORTING**

Contractor will maintain staffing and procedures necessary to insure timely professional communications with the District.

### **5.1.2 DOCUMENT FORWARDING**

Both District and Contractor will immediately forward to each other any document or information received which concerns the operations, management and maintenance of the Facility.

### **5.1.3 CUSTOMERS**

Contractor will develop and provide a work request tracking system to document calls from District customers. The system will include a method for action tracking and reporting.

### **5.1.4 REGULATORS**

Contractor shall provide written and oral communications with regulatory agencies concerning the financial management of the Facilities.

### **5.1.5 DISTRICT**

Contractor will provide copies to the District of written communications with regulatory agencies and report substantive conversations or communications that affect the District. At least monthly the Contractor will attend a Board of Directors meeting and present financial management report.

### **5.1.6 CONTRACTOR RESPONSIBILITIES**

- Cooperation - Contractor will cooperate with the District's General Manager, engineers, attorneys, sub-contractors or others engaged by the District to ensure that financial transactions are complete and accurate. Non-Schedule Work may apply where appropriate.
- Professionalism - Contractor will conduct business in the highest professional manner and conduct themselves appropriately when dealing with District customers, regulators, citizens at large, politicians or others while conducting business on behalf of the District.

## 5.2 DISTRICT FINANCIAL MANAGEMENT:

### 5.2.1 CONTRACTOR'S REPRESENTATIVE

Contractor will designate an Engagement Manager as a main point of contact to conduct the business of the Contractor.

### 5.2.2 SCOPE OF DUTIES

The Engagement Manager, or his designee, will have responsibility for managing the Contractor's activities under these Specifications.

### 5.2.3 NATURE OF SERVICES REQUIRED

Fiscal period will be July 1, 2014 through June 30, 2015. 2 to 4 additional years may be proposed, priced accordingly.

#### 5.2.3.1 Reporting

Reports, exhibits, and schedules required monthly, quarterly and annually in accordance with Government Accounting Standards Board (GASB):

- Income Statement
- Balance Sheet
- Schedule of cash
- Budget Variance Analysis
- Statements of changes in financial position
- Notes of financial statement
- Supporting documents
- Other Duties (to support accurate and timely fiscal management):
  - Act as District Treasurer
  - Reconcile general ledger accounts
  - Enter and pay bills approved by General Manager
  - Bill Customers including SUSD annual billing
  - Research and advise Board on deposit institutions and investment opportunities
  - Maintain separate accounting procedures for Park and Sewer
  - Maintain separate account for Measure A funds
  - File annual financials with County, State, and Bonding Agency
  - Execute TVCS D loan and investment policies approved by Board of Directors.

#### 3. Required Meetings:

- TVCS D Board of Directors meets a minimum of 10 times per year on the second Wednesday of each month, depending on workload.
- Annual budget and strategy meetings, as necessary.
- Audit support – interface with Board approved auditor to provide input for the annual audit, as necessary.

#### 4. Description of Entity and Records:

- Non-profit entity. California Community Services District under Government Code 61000.
- General ledger, fixed assets ledger, accounts receivable, general journal, accounts payable.

#### 5. Available Manuals and Information Sources:

- Minutes of the board meetings of the District.
- Accounting function work description of Fiscal Manager.
- Current policy documents.

6. Details of fixed assets are maintained. Fixed assets are based on cost when available otherwise on estimates authorized by the Board of Directors. The fixed assets ledger was constructed with historical information by the current contracted General Manager during prior accounting periods.
7. Available for Examination:
  - 5 Year Strategic Plan
  - Prior Audit Reports.
  - Prior fiscal year financial statements and supporting documents.
  - Budgets – current and prior year. Budget is maintained and is available for examination.
8. Staff members will be available to pull and reproduce documents. Legal counsel will be made available with prior Board approval.
9. Work areas will be provided by the District at offices located in Tomales with financial records on the premises.
10. Reporting Requirements:

The reports will be addressed to the Board of Directors and will contain items listed in item #2. All accounting must be performed in accordance with Government Accounting Standards Board (GASB) and include a statement of opinion as to whether the statements conform to GASB.

- A monthly management summary report will be required to accompany the financial statements. It should contain a discussion of accounting results and recommendations affecting financial systems and statements, internal control, legality of actions, other instances of non-compliance with laws and GASB, and any other material matters.

11. Time Requirements

- Proposals will be delivered to the District office per timetable outlined in Section 3 not later than 4 p.m.
- If presentations of possible finalists are necessary, no one with personal bias will interview proposers.
- The Board of Directors has made no decision as to the date of the award of the accounting services. All proposers will be notified of the Board action in a timely manner.
- Once a contract has been signed, work may begin immediately to transition the accounting tasks in a progressive manner with costs to be billed to the District as the charges generated by the Contractor in accordance with the original agreement.
- Preliminary work to review accounts can begin immediately.
- The accounting transition will be completed within 60 days from contract execution.

**5.2.4 AVAILABILITY**

The Engagement Manager will be available to consult with District staff during normal business hours.

**5.3 NON-STANDARD DUTIES**

This section is intended to provide a mechanism to equitably manage changes in District financial management that is considered to be beyond the normal scope of work.

### 5.3.1 NON-SCHEDULED WORK

Non-Scheduled Work will be billed in accordance with these Specifications in accordance with current Schedule of Rates. Non-Scheduled Work will be invoiced at the end of the month in which the work was performed. At the Contractors option, small specific project billing may be accumulated, or held, for a few months until a single invoice can be prepared. (Note: Non-Scheduled Work is a sole source mechanism for the District to utilize when sending out Requests for Proposals "RFPs" and obtaining multiple bids or proposals is unwarranted or uneconomical.)

Project Bids - Occasionally the District and Contractor may wish to prepare a separate contract outside the scope of these Specifications for Non-Scheduled Work. Upon receipt of a Request for Proposal (RFP) from District, Contractor may, or may not, submit a bid. In the case where a bid is submitted and accepted by the District, the terms of the bid will be exclusively those contained in the bid and will not automatically adopt these Specifications unless specified in writing otherwise. This provision is utilized most often when projects arise outside the Contractor's scope and the District desires to receive multiple bids or proposals.

### 5.3.2 DISTRICT INITIATED WORK

When authorized by the District, Contractor may perform work outside the scope of these specifications as Non-Scheduled Work.

### 5.3.3 EMERGENCIES

In the event of an emergency situation, Contractor shall make every reasonable effort to contact the District before incurring costs for Non-Scheduled Work. In the event the Contractor cannot reach the District, Contractor is authorized to make reasonable and necessary expenditures to alleviate the emergency condition. In the event such expenditures were made, Contractor shall notify the District the next normal work day and provide a written report to the District as soon as practical.

### 5.3.4 NEW CONSTRUCTION

When requested by the District, Contractor will undertake the financial management of new or modified projects as Non-Scheduled Work. Within eighteen months Contractor will amend its agreement with the District to reflect the costs of the new or modified projects.

### 5.3.5 WORK BY OTHERS

District may have work done by others that impacts Contractor. Work performed by Contractor necessary to coordinate with others will be billed to District as Non-Scheduled Work.

## 5.4 INSURANCE

### 5.4.1 CONTRACTOR'S INSURANCE

Contractor will maintain and keep in full force the insurances listed in this section. Additionally, the Contractor will name the District as additional insured. Contractor will provide Certificates of Insurance to the District.

- Workers Compensation Insurance - Statutory amounts in compliance with state laws.
- Commercial General Liability and Automobile: \$1,000,000 per occurrence.
- Professional Liability Insurance: \$1,000,000 per occurrence.

All questions and correspondence should be directed to

**Bill Bonini, Board President, Tomales Village Community Services District**  
**P.O. Box 92, Tomales, CA 94971**  
**Email: <mailto:wmabonini@yahoo.com>**  
**Phone: (707) 878-2271**

TVCSD Request For Proposal:

Financial Management Services for Community  
Services District

Contact with TVCSD personnel other than Bill Bonini regarding this RFP may be grounds for elimination from the selection process.

We will look forward to receiving your proposals.





TOMALES  
VILLAGE



COMMUNITY  
SERVICES  
DISTRICT

# **Request for Proposal**

***Operations and Maintenance of  
Wastewater Treatment Facility***

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## 1 PURPOSE

The Tomales Village Community Services District (TVCS D) is requesting proposals from qualified and experienced firms who can provide full service operations, maintenance, and management of the Wastewater Treatment Facility (Facility) for the existing TVCS D wastewater facility located in Marin District. This Request For Proposal (RFP) position will be completed by private contract through the public competitive bidding process.

The purpose of the RFP is to provide the TVCS D with the assurance that this facility is maintained in substantial compliance with all local, state, and federal provisions (where applicable). An important objective is to maintain a level of high quality service to the people of this service district through appropriate documentation and workflow methodology (best practices) in the most cost effective manner possible.

Qualified entities are invited to submit written proposals for consideration in accordance with this request. These services will be conducted under a contract with the TVCS D hereinafter referred to as the "District" and the Contractor entity is hereinafter referred to as "Contractor."

The contract shall be in compliance with and will be regulated according to the provisions of all State and local laws and ordinances that are applicable.

## 2 BACKGROUND

Wastewater from the town and schools of Tomales flows or is pumped into a three-pond treatment system. Primary and secondary treatments occur there involving settling of solids and breakdown of the wastewater components. The treated effluent is then pumped to large storage ponds located approximately a mile from the plant. Here the water is disinfected with sodium hypochlorite and spray irrigated during the summer months onto the surrounding fields. These upper ponds serve two purposes: to give the wastewater additional time for further settling and biological breakdown, and to provide storage during the wet winter months when irrigation is not permitted. Cattle graze this irrigated pastureland to control vegetation growth.

The District uses a 31.8 kW DC solar system to offset energy usage at the wastewater treatment plant and the irrigation field. There are two solar arrays, one near the ponds at the treatment plant and the other located at the irrigation field. Both systems net meter from PG&E.

The TVCS D area comprises approximately 111 gross acres of land within the village of Tomales, an unincorporated community, in Marin County, California. It is under the administrative jurisdiction of the District Board of Directors. The District has approximately 96 residences and businesses and the Shoreline Unified School District. The existing wastewater treatment plant is located 10 Irvin Rd. In its current configuration, the wastewater treatment plant has a average dry winter flow (DWF) treatment capacity of 43,000 GPD, and three 7-foot deep, 1,263,499 gallon total capacity lined and aerated facultative ponds.

Facilities shall include, but not limited to, all District collection system, pipelines, cleanouts and manholes; lower town lift station and force main; treatment plant facilities, irrigation field facilities, both solar systems, effluent force main, storage reservoirs and irrigation system, roads and fences. Note that side sewers from the District "Y" connection are the property owner's responsibility, except any sewer overflows of residential laterals will be reported to the CWIQS reporting program.

### 3 PROPOSED SCHEDULE OF EVENTS

Issue Request for Proposal	October 31, 2014
Questions or Request for Clarification due	November 17, 2014
Responses to Questions	November 24, 2014
<b>Proposal Due Date</b>	<b>December 8, 2014</b>
Short List Published	December 15, 2014
Bidder Interviews Begin	January 12, 2015
Contractor Selection	January 19, 2015

### 4 SELECTION CRITERIA – SEE FORM AT APPENDIX A

The District will evaluate proposals based on the following criteria and may short-list for interview purposes:

1. The completeness of the proposal in response to this RFP.
2. The methodology for carrying out the tasks described in the proposal.
3. The qualifications, experience, their performance of similar work and the possession of all licenses to perform the work including a State Water Resources Board contract operators license and an assigned chief plan operator acknowledgement.
4. References.
5. Proposed fees.
6. Interview, if conducted.

The Board will rank all timely and responsive proposals. The Board may interview some or all proposers. If interviews are conducted, the proposal rankings will not be final until interviews are complete. When rankings are final, the Board or designated Board member(s) will commence negotiations with selected (typically the highest ranked) proposer.

After negotiating a proposed agreement that is fair and reasonable, the final agreement will be presented to the full Board for approval. The Board has final authority to approve or reject the final agreement.

By submitting a proposal, each proposer agrees to the following:

1. The District reserves the right to waive any irregularity in any proposal.
2. The District reserves the right to reject any or all proposals.
3. The District reserves the right to request additional proposals.
4. The District reserves the right to request clarification of information submitted and to request additional information from any proposer.
5. The District reserves the right to award any contract to the next most qualified proposer, if it cannot reach agreement with the first selected proposer.
6. The agreement between the selected proposer and the District will be in a form supplied or approved by the District.
7. This RFP does not constitute an offer by TVCS D to enter into a contract, nor does any response to this RFP constitute an acceptance of an offer. A response to this RFP does not bind the District in any way.
8. The District will not be responsible for any costs incurred by the firm in preparing, submitting or presenting its response to the RFP.
9. Each proposal will remain valid for a period of at least 60 calendar days from the proposal due date.

### 5 SCOPE OF WORK

The Scope of Work is to provide full service operations, maintenance, and management of the Facility in accordance with all provisions within this RFP in accordance with all provisions within this RFP and the requirements of the SWRCB SSO Program, Contract Operator requirements, and the State SSMP requirements.

## TVCS D Request For Proposal:

## Operations and Maintenance for Wastewater Treatment Facility

The contract term is a three to five year agreement renewable through the TVCS D competitive bidding process (posted on TVCS D website). Contractor will provide an approved person or persons as needed to deliver the required services for this contract period. The firm selected will be a California licensed entity and all subjects working the District's wastewater systems will have the appropriate certifications.

The objectives of these operations include, but are not limited to:

- Cost effectively managing, operating, and maintaining Facility
- Operating Facility in full compliance with local, state, and federal regulations and statutes including all regular and incident reporting requirements
- Contractor will have certified staff available 24/7, 365 days a year for any emergency situation that arises (see 5.2.4 and 5.4.3).
- Minimizing or eliminating permit excursions
- Providing technical assistance to address the District's existing assets, future capacity and regulatory issues.
- To recommend, perform and/or assist in Capital Improvement Program and maintenance projects (examples: slip lining, effluent irrigation sprayer replacement, pump replacement, etc).

Full service contract operations require the Contractor to be properly licensed and provide all treatment facility operation and maintenance staff and pay all chemical costs. The Contractor will be responsible for:

- All aspects of facility management, operation and maintenance.
- Maintaining all land, buildings, improvements and permanent equipment. Equipment maintenance will be performed by the Contractor in accordance with manufacturer's recommendations and the Contractor will be required to provide proof thereof to the satisfaction of the District.
- As a part of the full service contract, Contractor is responsible for disposal of sludge, residue, grit, grease, chemicals, abandoned equipment and/or other residual materials produced by the District's facility.

Required capital expenditures will continue to be the responsibility of the District.

The successful firm selected will be required to provide various services associated with all or a portion of the Facility.

This may include, but not be limited to, provision of:

- Process chemicals
- Laboratory, analytical services, including sampling to resolve customer complaints
- Contractor must have an approved QAQC program
- Routine and Corrective Maintenance of Facility and associated equipment
  - Routine and Corrective Maintenance records will be maintained on a computerized maintenance management system and the District may request reports at anytime
- Reporting to regulatory agencies as mandated to maintain compliance
- All reports will be reviewed and signed by the District's designated representative
- Management of the operations and maintenance
- Operations records will be maintained in accordance with federal, state, and local regulations
  - Contractor will utilize database software for process control items. All records must be backed up weekly and kept secured off-site
- Maintain an acceptable appearance of Facility
- Facility will be painted to prevent corrosion and ensure a good appearance to the public
- Landscape Maintenance of all facility will be kept in a groomed state
- Contractor will be responsible for supplying proper personnel to maintain both the software and hardware components of the system
- The District will have access to the system at all times

The Contractor will be responsible for satisfying the State of California regulatory requirements and for operating, maintaining and managing (including record keeping and reporting) the Facility in compliance with all other applicable local, state and federal laws and regulations. Services for the operation, maintenance and management of the Facility will be provided in a safe, secure, effective and efficient manner.

The firm selected for this project will also complete an inventory list of the facility including equipment, procedures, manufacturer literature, etc. The documentation will be submitted to District and will be included with the procedures manual for Facility.

## **5.1 COMMUNICATIONS**

### **5.1.1 REPORTING**

Contractor will maintain staffing and procedures necessary to insure timely professional communications with the District.

### **5.1.2 DOCUMENT FORWARDING**

Both District and Contractor will immediately forward to each other any document or information received which concerns the operations, management and maintenance of the Facility.

### **5.1.3 CUSTOMERS**

Contractor will develop and provide a work request tracking system to document calls from District customers. The system will include a method for action tracking and reporting.

### **5.1.4 REGULATORS**

Contractor shall provide written and oral communications with regulatory agencies concerning the operations and maintenance of the Facilities, including, but not limited to, Monthly Self-Monitoring Report, Emergency irrigation report, monthly CIWQS spill report (or Non-Spill Certification) and annual spill report to the RWQCB.

### **5.1.5 DISTRICT**

Contractor will provide copies to the District of written communications with regulatory agencies and report substantive conversations or communications that affect the District. At least quarterly the Contractor will attend a Board of Directors meeting and present an operations and maintenance report.

### **5.1.6 CONTRACTOR RESPONSIBILITIES**

- Cooperation - Contractor will cooperate with the District's General Manager, engineers, attorneys, sub-contractors or others engaged by the District to investigate, evaluate, modify, construct, demolish or remove facility. Non- Schedule Work may apply where appropriate.
- Professionalism - Contractor will conduct business in a professional manner and conduct themselves appropriately when dealing with District customers, regulators, citizens at large, politicians or others while conducting business on behalf of the District.

## **5.2 PLANT MANAGEMENT:**

### **5.2.1 CONTRACTORS REPRESENTATIVE**

Contractor will designate a Chief Plant Operator to conduct the business of the Contractor.

### **5.2.2 SCOPE OF DUTIES**

The Chief Plant Operator, or his designee, will have responsibility for managing the Contractors activities under these Specifications.

### **5.2.3 QUALIFICATIONS**

The Chief Plant Operator will be certified at a minimum of a Grade II Wastewater Treatment Plant Operator and will have experience in the operation, management and maintenance of a treatment system similar to the District Facility.

#### 5.2.4 AVAILABILITY

The Chief Plant Operator will be available to consult with District staff during normal business hours. During non-business hours the Plant Manager or designee will be available by telephone seven (7) days per week, twenty-four (24) hours per day. Contractor will promptly respond to all alarms and notifications of emergency conditions. Emergency response is not considered eligible for reimbursement as a Non-Scheduled Work expenditure, although actual emergency repairs may be eligible.

#### 5.2.5 REGULATORY REQUIREMENTS

Contractor and District agree to operate, manage and maintain the Facility in compliance with applicable regulations, including but not limited to:

- A. San Francisco Regional Water Quality Control Board and Waste Discharge Order 86-86
- B. Bay Area Air Quality Management District
- C. California Division of Industrial Safety (Cal OSHA)
- D. State Water Resources Control Board Operator Certification Regulations
- E. Environmental Protection Agency (EPA)
- F. Contractor shall prepare and submit routine operating reports required by current regulations.
- G. Contractor is required to report all non-compliance events in accordance with these Specifications and the Waste Discharge Order.
- H. Contractor is required to report all Sanitary Sewer Overflows and known lateral overflows or backups with the CIWQS reporting website as required by the SWRCB Order 2006-003 DWQ.
- I. Contractor is required to maintain and operate under the Sanitary Sewer Management Plan developed under the above Order.

### 5.3 MAINTENANCE OF FACILITY

#### 5.3.1 ROTATING EQUIPMENT

Contractor will provide and pay for all costs of preventive and corrective maintenance up to \$1000 per occurrence, per component. Components are intended to be 360 degree rotating such as motors, pumps and valves. Work in excess of \$1000 will be considered as Non- Scheduled Work. (Note: Irrigation spray heads are excluded due to excessive wear and lack of replacement parts.)

#### 5.3.2 FIXED FACILITY

Contractor will provide and pay for all costs of routine service lubricants and service supplies for all other Facility not listed above. Stationary facility such as grounds, roads, levies, fences, buildings, landscape, pipelines, manholes, motor control centers, electronics, etc. will have a \$1000 deductible per calendar year. All work in excess of the annual deductible will be considered as Non- Scheduled Work.

#### 5.3.3 STANDARD MAINTENANCE PROGRAM

Contractor will develop and provide a systematic maintenance program, which comply with the Operations and Maintenance Manuals, equipment manufacturers recommendations or best industry practice; whichever Contractor believes most appropriate. Copies will be located at the treatment plant.

#### 5.3.4 SPECIAL REQUIREMENTS

Grounds shall be maintained, as weather permits, in a manner that limits vegetation to eighteen inches or less in the treatment plant area and maintains drainage ditch free of excessive vegetation at both the treatment plant and irrigation field. The treatment plant grounds shall be mowed at a minimum of three times per year. The irrigation field shall be mowed annually. Roadways shall be maintained in a relatively vegetation free condition and graded or repaired as needed to control potholes. Vegetation shall be controlled in ponds and reservoirs so not to obstruct proper operation and sanitation. Rodents shall be controlled as necessary. Only herbicides/pesticides/rodecides pre-approved by the Board of Directors will be used.

### 5.3.5 OPERATIONAL STANDARDS

Operations and Maintenance Manuals - Contractor will operate and maintain the Facility at a minimum in accordance to the Operations and Maintenance Manual. Manuals will be maintained and kept at the wastewater treatment plant.

### 5.3.6 REPORTING

Contractor will provide the District with a copy of all routine or special operating reports. Contractor will prepare reports as requested by the District to document process upsets, non-compliance events, damage to equipment, emergency situations, and other such matters related to the operation of the Facility in accordance with these Specifications.

## 5.4 NON-STANDARD OPERATIONS

This section is intended to provide a mechanism to equitably manage changes in facility operations and maintenance that is considered to be beyond the normal scope of work.

### 5.4.1 NON-SCHEDULED WORK

Non-Scheduled Work will be billed in accordance with these Specifications in accordance with then-current Schedule of Rates. Non-Scheduled Work will be invoiced at the end of the month in which the work was performed. At the Contractors option, small specific project billing may be accumulated, or held, for a few months until a single invoice can be prepared. (Note: Non-Scheduled Work is a sole source mechanism for the District to utilize when sending out Requests for Proposals "RFPs" and obtaining multiple bids or proposals is unwarranted or uneconomical.)

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### 5.4.2 DISTRICT INITIATED WORK

When authorized by the District, Contractor may perform work outside the scope of these specifications as Non-Scheduled Work.

### 5.4.3 EMERGENCIES

In the event of an emergency situation, Contractor shall make every reasonable effort to contact the District before incurring costs for Non-Scheduled Work. In the event the Contractor cannot reach the District, Contractor is authorized to make reasonable and necessary expenditures to alleviate the emergency condition. In the event such expenditures were made, Contractor shall notify the District the next normal work day and provide a written report to the District as soon as practical.

### 5.4.4 NEW CONSTRUCTION

When requested by the District, Contractor will undertake the operation, management and maintenance of new or modified facility as Non-Scheduled Work. Within eighteen months Contractor will amend its agreement with the District to reflect the costs of the new or modified facility.

### 5.4.5 WORK BY OTHERS

District may have work done by others that impacts Contractor. Work performed by Contractor necessary to coordinate with others will be billed to District as Non-Scheduled Work.



## 5.5 INSURANCE

### 5.5.1 CONTRACTOR'S INSURANCE

Contractor will maintain and keep in full force the insurances listed in this section. Additionally, the Contractor will name the District as additional insured. Contractor will provide Certificates of Insurance to the District.

- Workers Compensation Insurance - Statutory amounts in compliance with state laws.
- Commercial General Liability and Automobile: \$1,000,000 per occurrence.
- Professional Liability Insurance, including a pollution endorsement: \$1,000,000 per occurrence.

All questions and correspondence should be directed in writing to:

**Bill Bonini, Board President, Tomales Village Community Services District**  
**P.O. Box 92, Tomales, CA 94971**  
**Email: <mailto:wmabonini@yahoo.com>**  
**Phone: (707) 878-2271**

Contact with TVCS D personnel other than Bill Bonini, President TVCS D, regarding this RFP may be grounds for elimination from the selection process.

We will look forward to receiving your proposals.







## **STATE OF THE DISTRICT An Historical Perspective**

In order to fully understand where the District is today and make future plans, it is necessary to know the background and historical timeline of where the District has been and what it has accomplished.

### **Background**

In the late Sixty's a perceived health issue arose in Tomales that created a building moratorium by the County. It was believed that the proximity of septic systems and drinking water wells on the small lots in Tomales created an outbreak of disease. The County mandated that Tomales residents build a water system or a sewer system before additional building could resume. The community voted for a sewer system and proceeded to have one built. North Marin County Water District was tasked with operating the system and in 1976 the sewer system was opened. It was built with grants and loans.

In 1996, one of the irrigation pipes broke and secondary treated wastewater flowed out for several days before it was noticed. North Marin was fined by the Regional Water Quality Control Board and rather than the District absorbing the fine, they chose to raise rates in Tomales to cover it. Residents in Tomales felt it was North Marin's lack of maintenance and inattention that caused the problem and that the fine should be covered by North Marin. A local committee was formed to negotiate with North Marin and out of those negotiations, the community got North Marin to spread the cost of the fine over their entire customer base; got a third party Operation and Maintenance company to operate the Tomales system rather than North Marin employees; and formed a Community Services District to detach from North Marin Water District and operate the sewer on its own. The TVCSD was voted on by the community and over 80% of the respondents approved the formation of the new District. It was formed by the Marin County Board of Supervisors and the Marin County Local Agency Formation Commission in 1999.

The new District hired an Administrator and an O&M company to run the District and maintain the system. The sewer system was turned over to the District in an AS-IS basis with a lot of deferred maintenance, old worn equipment, and the debt of the original construction loan. The detachment from North Marin went smoothly, but the total amount of reserves after twenty-five years was just \$144,000.

The new Board, the Administrator and the Operators developed a priority list of improvements that needed to be done and set out to find the funding to get it done. One of the main goals of the District was to provide safe, reliable and environmentally friendly wastewater treatment and reuse. The Administrator and Operators developed the design and specifications for the first phase of improvements to the WWTP. The Administrator applied for and secured grants as well as low interest loans to proceed.

### **Phase One WWTP Improvement Project**

The first phase of the Improvement Project, started in 2002, included:

- Remove chlorine gas disinfectant and replace with safer liquid Sodium Hypochlorite
- Planning and Design, Construction Management, and other Construction Expenses
- Replace 8" worn and rusted pipeline at storage ponds and put it underground
- Installed air gap in force main pipe going to storage ponds to eliminate chance of backflow

Repaired several sections of collection line and manholes to reduce inflow and infiltration  
 Replaced one of the circular irrigation guns with a 30 head Rain Bird array for better irrigation  
 Replaced grinder pumps and infrastructure at lower town lift station and repaired walls  
 Installed state of the art Supervisory Control and Data Acquisition (SCADA) system to monitor  
 the controls operating the wastewater system, initiate alarms if there is a problem, and  
 turn on and off needed equipment as necessary, all from a remote location.

Funding for the first phase of Improvements and the payoff of the original construction loan  
 came from grants, low interest loans and the capital contribution component of the agreement  
 with the SUSD.

Grants:

CDBG	\$ 7,212	
SWRCB SCG	\$119,070	
SWRCD SCG	\$ 7,301	Total \$133,583

Loans:

SWRCB SRF	\$ 75,330
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Other:

SUSD Capital Component	\$ 31,000
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**Phase Two WWTP Improvement Project**

The Second Phase of the Improvement Project, started in 2005, included:

Planning and Design, Construction Management, and other Construction Expenses  
 Install a Level Transmitter to record Storage pond depth in SCADA system  
 Install a Fats, Oil and Grease interceptor to keep treatment ponds free of grease  
 Remove abandoned sand filter and retrofit to treatment pond #1 with circular plumbing system  
 to other ponds  
 Remove and dispose of 30 years of accumulated biosolids from treatment pond  
 Rebuild and retrofit original treatment pond to a two cell pond with circular plumbing to the other  
 ponds  
 Install sub-drain, sump and pump and Hypalon liner in all treatment cells  
 Purchase and install two new high lift pumps  
 Purchase and install two new aerators  
 Purchase and install new influent flow meter and SCADA monitoring  
 Purchase and install new effluent flow meter and SCADA monitoring  
 Upgrade SCADA monitoring and Alarms for new pond levels and pump operation  
 Replace the lower town Lift station control panel  
 Re-rock and grade road to storage pond and treatment plant  
 Contract for a long term tertiary feasibility study for water reuse

Funding for the second phase of Improvements came from grants, low interest loans, and the  
 capital contribution component of the agreement with the SUSD

Grants:

SWRCB Clean Water	\$449,842
CDBG	\$ 20,000

FEMA	\$ 14,454	Total \$484,296
Loans:		
SWRCB SRF	\$240,264	
Other:		
SUSD Capital Component	\$124,924	

With a sewer system in total disarray with deferred maintenance and serious infrastructure problems, your District was able to rebuild and replace the core components of the entire wastewater treatment system for a little over \$1 million dollars, increase the cash reserve position from \$144,000 to \$385,000, pay off a \$162,000 construction loan, and do it all with grants, loans and capital funding. The current balance on the low interest State Revolving Fund Loan is \$194,126.

### Solar Project

But your District wasn't finished there. In keeping with the mission to be environmentally friendly, the District embarked on an ambitious plan to provide 95% of its energy usage through solar generation. The Administrator, with the assistance of the Marin County Energy Management Team, was able to garner \$305,000 in zero interest bond funding to build a solar array at the WWTP and a second array at the Irrigation Field with a combined generation of 31.8kW. The community of Tomales supported this project by agreeing to a \$5/mo rate increase in 2009 that is used only to pay down the bonds and is not used for any other operating costs. Additionally, the California Solar Initiative refunds the district based on the usage and generation and accumulates enough to make the annual bond payment with some left over. The District is currently saving hundreds of dollars a month on PGE costs and when the system is fully paid for, the solar project will save the District 10's of thousands of dollars over the life of the system. We are five years into the project now and have another three years of rebates under the CSI. The balance due on the bonds currently is \$233,235.

Grants:		
CSI Rebates – to date	\$ 41,033	Total \$41,033
Loans:		
Zero Interest Bonds	\$305,000	

### Park Project

When the District was formed in 1999, it assumed the operation and ownership of the Tomales Community Park in an AS-IS condition, as well. Although the Park was built with the finest materials and had served the community for a number of years, new state and federal requirements made it necessary to rebuild the Park. The District board, with the oversight of David Judd embarked on another ambitious endeavor. In order to meet accessible requirements, the entire park had to be re-graded and terraced as you see it today. Additionally, each play area for different age groups had to have containment borders to maintain the required fall surfaces. The community wanted permanent bathrooms, open space and play structures that would entertain and interest the young people of the community. The project was a labor of love for David and all of the volunteers that helped build the Park. The total project was paid for through grants and donations and now future improvements and maintenance is guaranteed through the funding of Measure A.

Grants:

CDBG 2005	\$ 12,800	
First Five Marin	\$ 5,000	
CDBG 2007	\$ 5,410	
BOS 2007	\$ 20,000	
State RZH Grant	\$ 94,000	
Federal LWCF	\$ 86,387	
SB 90 Reimbursements	\$ 13,802	
Trex Corporation	\$ 7,000	
BOS 2011	\$ 10,000	
BOS 2013	\$ 15,000	
Dean Witter Fdn	\$ 10,000	
Measure A	\$ 17,375	Total \$296,774

Loans:

TVCS D Sewer	\$ 25,000
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The sewer loan has been paid back with fundraisers and donations and currently stands at \$9,000.

**Recap**

The District has been able to add \$1,600,000 in infrastructure improvements for the community over the last 14 years; increase the cash reserves by \$241,000; pay off a high interest construction loan; reduce annual operating costs for PGE; and garnered over \$955,000 in grants to help pay for it all.

Because of the foresight and dedication of previous Boards of the TVCS D, the District has been honored with commendations from the California State Assembly, the Marin County Board of Supervisors and was named the Small Wastewater Treatment Plant of the Year by the California Water Environment Association Redwood Empire Section, two years in a row. Future plans and directions are now up to a new Board and the Operators and the Administrator will be working closely with them and providing recommendations to help them with their decisions.



13

## MEMORANDUM

To: Board of Directors

October 31, 2014

From: Ryan Grisso, Water Conservation Coordinator *Rb*

Subject: Water Conservation Quarterly Update (July-September 2014)

Engineering Server R:\Water Conservation V:\Memos to Board\Quarterly Reports\Water Conservation FY 2014\_2015 QTR1 Summary Report.doc

**RECOMMENDED ACTION:** Information**FINANCIAL IMPACT:** NoneWater Conservation:

This memo provides an update on all water conservation and public outreach activities implemented during the first quarter of Fiscal Year 2014/2015 (FY 15). Water Conservation participation numbers for the first quarter of the current and previous two fiscal years are summarized in Table 1 below.

**Table 1: Water Conservation Program Participation (July through September)**

Program	FY 15	FY 14	FY 13
Water Smart Home Surveys	107	78	98
Water Smart Commercial Surveys	1	0	0
High Efficiency Toilet Rebates (Residential)	83	54	66
High Efficiency Toilet Rebates (Commercial)	5	0	0
Retrofit on Resale (Dwellings Certified)	76	89	103
High Efficiency Washing Machine Rebates	46	88	57
Cash for Grass Rebates	43	9	13
Water Smart Landscape Rebates	1	4	2
Smart Irrigation Controller Rebates (Residential)	0	1	0
Smart Irrigation Controller Replacement (Commercial)	1	14	6
New Development Sign-offs (Residential)	6	3	8
New Development Sign-offs (Commercial)	7	0	5
Large Landscape Audits (measured by number of meters)	0	0	0
Large Landscape Budgets (measured by number of accounts)	437	437	435

Water Conservation program participation has increased in the High Efficiency Toilet Rebate Program and Water Smart Home Surveys this quarter, with a significant increase in Cash for Grass participation. This is the District's largest customer participation level for any quarter since the Cash for Grass program was implemented. Participation may be directly related to the drought steering customer's to replace turf with more water use efficient landscaping. The "Lawn be Gone" Sheet Mulching Pilot Program, which is very similar to Cash for Grass, has also received some initial participation and a good level of customer interest. In addition to the water conservation programs, Staff also regularly patrolled and followed up on water waste/non-essential use reports in accord-

ance with Ordinance No. 28.

### Public Outreach and Conservation Marketing

In the first quarter of FY15, the District distributed a summer 2014 issue of “Water Line” to Novato and West Marin service areas and continued participation in the Drought 2014 Campaign administered by the Sonoma Marin Saving Water Partnership. The District also actively maintains a Facebook page with regular updates on water use efficiency and construction projects. In August, the District organized a very well attended “Drought Drive-Up Day” for West Marin customers, to distribute water saving materials and fixtures.

### Budget and Staffing

Table 2 summarizes the first quarter expenditures between the three fiscal years for (July-September). FY15 expenditures are up from FY14 and FY13, due to the increased rebate and participation levels in the High Efficiency Toilet, Cash for Grass and Water Smart Home Survey Programs.

**Table 2: Water Conservation and Public Outreach Expenditures (July-September)**

	FY 15	FY 14	FY 13
Total Budget	\$450,000	\$400,000	\$400,000
July-September Expenditures	\$95,908	\$61,952	\$64,596

Water Conservation continues to be staffed by one full time Water Conservation Coordinator and one half-time Water Conservation Technician. The District has also partnered with Sonoma County Water Agency through the Sonoma-Marin Saving Water Partnership to implement and staff some of the District Water Conservation Programs including the WSHS program (estimated at 250 hours per quarter).

### Prop 84 Grant Funding

The District was awarded a Prop 84 Grant (\$183,750 allocated to the District), in cooperation with the Sonoma County Water Agency (SCWA) and other Bay Area Agencies, which will help fund future HET rebates, Cash for Grass rebates, Smart Controllers, Clothes Washer rebates, and a Commercial Direct Install HET Program. The District entered into a funding agreement with SCWA to receive these funds and has received a total of \$63,963 in grant funding reimbursements to date (\$7,304 received in the first quarter of FY 15).

**14**

## MEMORANDUM

To: Board of Directors

Date: October 31, 2014

From: Drew McIntyre, Chief Engineer



Subject: FY14-15 Quarterly Progress Report—Engineering Department

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The purpose of this memo is to provide a first quarter status report to the Board on the District's performance in completing budgeted FY14-15 Capital Improvements Projects (CIP) with a primary emphasis on planned (i.e., baseline) versus actual performance. The following information supplements the progress report summary provided to the Board each month.

SUMMARY

<u>Service Areas</u>	<u>Project Costs (\$)</u>		<u>% Complete</u>		<u>Earned Value (\$)</u>	
	Budget (\$)	Forecast (\$)	Planned	Actual	Planned	Actual
Novato Water	17,510,000	17,647,512	31	19	4,394,850	4,188,050
Novato Recycled	125,000	236,500	33	28	31,250	46,875
West Marin	1,669,000	1,634,000	38	21	628,580	598,980
TOTAL	19,179,000	19,281,512	34	23	5,054,680	4,833,905

The above table summarizes the detailed tabulation of CIPs for both Novato and West Marin (including Oceana Marin) systems provided in Attachment A. In summary, CIP expenditures for the Novato Water and Novato Recycled Water service areas are forecasted to exceed approved FY14-15 budget level. West Marin service area is forecasted to be below the approved FY14-15 budget. With respect to planned versus actual completion for the first quarter, the Novato Water, Novato Recycled Water and West Marin service areas (including Oceana Marin) are trailing planned progress somewhat but it is hoped that this gap can be narrowed in subsequent months.

Performance Status for Improvement Projects

A detailed milestone schedule update is provided in Attachment B. As shown on the following table (Page 3), a total of 38 projects (versus 35 in FY13-14) were originally budgeted in FY 14-15 for the Novato, West Marin and Oceana Marin service areas. Two new projects have been added, nine have been carried over from FY13-14 and one project has been dropped resulting in a new total of 48 projects. Of the 48 Capital Improvement Projects budgeted, 30 (versus 27 in FY13-14) are under the lead responsibility of the Engineering Department for completion (24 in Novato and 6 in West Marin). The remaining 18 (versus 15 in FY13-14) CIP projects are under the responsibility of the other departments (i.e., 12 – Maintenance and 6 – Operations) (Refer to the tabulation in Attachment A for a complete line item listing).

### Novato Service Area Project Costs Variances

As shown in Attachment A, all but one of FY14-15 Novato CIPs are currently projected to be completed at or below original budget. It is important to note that the nine FY13-14 "Carry-Over" projects represent a combined addition of \$181,012 to the current Novato CIP budget. It is anticipated that there will be sufficient funds to offset the "carry-over" project costs without necessitating a budget augmentation at the mid-year report update..

Two new projects have been added: 1) Measure A, Group 7 PB Replacements, and 2) Deer Island SCADA Reporting Move to STP. One project has been dropped, PB Replacement: Pacheco Valle (42).

### West Marin Service Area (including Oceana Marin) Project Costs Variances

As shown in Attachment A, all but one of the FY14-15 West Marin CIPs expenditures are currently projected to be within the original budget. Three projects were carried over from FY13-14: 1) Treatment Plant Solids Handling, 2) Gallagher Stream Gauge, and 3) SCADA RTU Upgrade and Install.

### Engineering Department Labor Hours

The Engineering Department provides a multitude of functions supporting overall operation, maintenance and expansion of water facilities. The major work classifications are: (1) General Engineering, (2) Developer Projects and (3) District (i.e., CIP) Projects. Out of the approximately 14,900 engineering labor hours available annually (less Conservation), the FY14-15 labor budget for Developer Projects and District Projects is 1,480 (10% of total) and 3,546 (24% of total), respectively. A chart of actual hours expended versus budgeted hours for both Developer and District projects during FY14-15 is provided in Attachment C. At the end of the first quarter, actual engineering labor hours expended for Developer work was 5% (81 hours) versus 25% (370 hours) budgeted. With respect to District Projects, 1,426 engineering labor hours (40% of budget) have been expended on Capital Improvement Projects when compared against a first quarter estimate of 887 hours (25% of budget). The higher burn rate for labor hours on CIPs is primarily due to (1) advance work on the Recycled Water Central Service Area Expansion, and (2) accelerated Gallagher Well Pipeline work.

FY 14-15  
 CAPITAL IMPROVEMENTS PROJECTS

PROJECTS BUDGETED	NOVATO SERVICE AREA	WEST MARIN/ OCEANA MARIN	TOTAL
Original Budget	28	10	38
Added	2	0	2
FY 13-14 Carryover	6	3	9
Deferred/Dropped	1	0	1
Adjusted Budget	35	13	48

**FY13-14 CARRYOVER**

**Date Brought to Board**

Novato

PB Replacement: Atherton Oaks/Summit Lane	First Quarter Report
SMART Crossing Rework @ Golden Gate Place	First Quarter Report
SMART Crossing Rework @ Roblar Rd.	First Quarter Report
SMART Crossing Rework @ Hanna Ranch	First Quarter Report
Recycled Water South	First Quarter Report
Recycled Water Central Service Area	First Quarter Report

West Marin

P RTP Solids Handling	First Quarter Report
Gallagher Stream Gauge	First Quarter Report
SCADA RTU Upgrade and Install	First Quarter Report

**DEFERRED/DROPPED**

Novato

PB Repl: Pacheco Valle (42)	First Quarter Report
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**PROJECTS ADDED**

Novato

Measure A, Group 7 PB Replacements	First Quarter Report
Deer Island SCADA Reporting Move to STP	First Quarter Report

West Marin

None

**NOVATO SYSTEM CAPITAL IMPROVEMENT PROJECTS SUMMARY FY14-15**  
**AS OF SEPTEMBER 30, 2014**

STATUS	DEPT	ITEM #	PROJECT NO.	DESCRIPTION	PROJECT COSTS		% COMPLETE		EARNED VALUE	
					Budget	Forecast	Baseline	Actual	Planned	Actual
<b>1. PIPELINE REPLACEMENTS/ADDITIONS</b>										
PC	Eng	1	1.a.1	So. Novato Blvd - Rowland to Sunset (12"Cl@1,000')	\$350,000	\$350,000	17	17	\$59,500	\$59,500
PC	Eng	2	1.a.2	STP 18" Transmission Line Assess/Repair	\$130,000	\$130,000	43	10	\$55,900	\$13,000
C	Eng	3	1.a.3	Shields Ln 6" Cast Iron (6"@1,120')	\$105,000	\$90,000	100	100	\$105,000	\$90,000
PC	Eng	4	1.b.1	Zone A Pressure Improvements	\$200,000	\$200,000	25	15	\$50,000	\$30,000
	Eng	5	1.b.2	San Mateo 24" Inlet/Outlet	\$30,000	\$30,000	25	0	\$7,500	\$0
			1.c.1	PB Repl Pacheco Valle (42) - DROP	\$125,000	\$0	28	5	\$35,000	\$0
	Eng	6	1.c.2	<PB Repl: Atherton Oaks / Summit Ln>	\$0	\$12	0	0	\$0	\$0
			3.c.3	Repl PB in Sync w/City Paving	\$90,000	\$0	0	0	\$0	\$0
	Eng	8	<b>City Measure A, Group 7</b>		<b>\$0</b>	<b>\$85,000</b>	0	0	\$0	\$0
			1.d.1	Other Relocations	\$80,000	\$80,000	0	0	\$0	\$0
PC	Eng	9	1.e.1-11	AEEP - Hwy 101 Widening	\$13,000,000	\$13,000,000	25	25	\$3,250,000	\$3,250,000
				SubTotal	\$14,110,000	\$13,965,012				
<b>2. SYSTEM IMPROVEMENTS</b>										
PC	Maint	10	2.a	RTU Upgrades	\$10,000	\$10,000	50	10	\$5,000	\$1,000
PC	Eng	11	2.b	DCDA Repair/Replace	\$150,000	\$150,000	34	20	\$51,000	\$30,000
PC	Eng	12	2.c	Anode Installations	\$30,000	\$30,000	25	26	\$7,500	\$7,800
PC	Maint	13	2.d	Radio Telemetry	\$25,000	\$25,000	0	25	\$0	\$6,250
	Eng	14	2.e	Inaccurate Meter Replacement	\$10,000	\$10,000	25	0	\$2,500	\$0
	Maint	15	2.f	Backflow Device Upgrade - BMK (15)	\$30,000	\$30,000	15	0	\$4,500	\$0
PC	Maint	16	2.g	Tank Access Hatch/Level Alarms (10)	\$35,000	\$35,000	17	30	\$5,950	\$10,500
PC	Eng	17	2.h	Sampling Stations	\$50,000	\$50,000	25	5	\$12,500	\$2,500
PC	Maint	18	2.i	Facilities Security Enhancements	\$25,000	\$25,000	25	0	\$6,250	\$0
PC	Ops	19	2.j	Emergency Generator Connections	\$15,000	\$15,000	25	10	\$3,750	\$1,500
				SubTotal	\$380,000	\$380,000				
<b>3. BUILDINGS, YARD, &amp; S.T.P. IMPROVEMENTS</b>										
	Maint	20	3.a.1	Admin Office/Lab/Yard Remodel Plan	\$50,000	\$50,000	25	0	\$12,500	\$0
	Maint	21	3.a.2	Office HVAC	\$200,000	\$200,000	25	0	\$50,000	\$0
	Maint	22	3.a.3	Office Emergency Generator	\$150,000	\$150,000	25	0	\$37,500	\$0
C	Eng	23	3.b.1	<SMART Crossing Rework @ Golden Gate Pl>	\$0	\$0	0	0	\$0	\$0
C	Eng	24	3.b.2	<SMART Crossing Rework @ Roblar Rd>	\$0	\$31,000	100	100	\$0	\$31,000
	Eng	25	3.b.3	<SMART Crossing Rework @ Hanna Ranch>	\$0	\$35,000	100	100	\$0	\$35,000
PC	Eng	26	3.c.1	Start Up Flushing Connection	\$50,000	\$50,000	50	5	\$25,000	\$2,500
PC	Ops	27	3.c.2	STP Emergency Power Generator	\$150,000	\$150,000	25	25	\$37,500	\$37,500
				SubTotal	\$600,000	\$666,000				
<b>4. STORAGE TANKS &amp; PUMP STATIONS</b>										
PC	Eng	28	4.a	Atherton Recoat & Mixing System	\$2,200,000	\$2,200,000	25	25	\$550,000	\$550,000
PC	Maint	29	4.b	Lynwood PS Motor Control Center	\$90,000	\$90,000	50	25	\$45,000	\$22,500
	Eng	30	4.c	Sunset Tank Cl2 Mixing System	\$100,000	\$100,000	0	0	\$0	\$0
PC	Eng	31	4.d	Crest PS (design/const)/Reloc School Rd PS	\$30,000	\$30,000	35	25	\$10,500	\$7,500
				SubTotal	\$2,420,000	\$2,420,000				
				Novato Water Total	17,510,000	\$17,431,012	31	19	\$4,429,850	\$4,188,050
<b>5. RECYCLED WATER FACILITY</b>										
PC	Eng	32	5.a	NBWRA Grant Program Administration	\$100,000	\$80,000	25	25	\$25,000	\$20,000
PC	Eng	33	5.b-d	<Recycled Water South>	\$0	\$15,000	75	75	\$0	\$11,250
PC	Eng	34	5.e	<Recycled Water Central Service Area>	\$0	\$100,000	15	15	\$0	\$15,000
	Eng	35	5.f	Deer Island Wet Well Drain	\$19,000	\$19,000	25	0	\$4,750	\$0
PC	Ops	36	5.g	Deer Island SCADA Reporting Move to STP	\$6,000	\$2,500	25	25	\$1,500	\$625
				Novato Recycled Total	\$125,000	\$216,500	33	28	\$31,250	\$46,875
				Total Novato	\$17,635,000	\$17,647,512	32	24	\$4,461,100	\$4,234,925
<sup>1</sup> C - Completed PC - Partially completed PROJECT FORECAST REVISED Baseline projects with revised forecast budget increases (indicated by shaded box) Baselined projects to be deferred (indicated in strikeout) New projects added (indicated in bold) Prior year projects carried over indicated in italics and brackets <>										

ATTACHMENT A



**WEST MARIN CAPITAL IMPROVEMENT PROJECT SUMMARY FY14-15**  
**AS OF SEPTEMBER 30, 2014**

STATUS	DEPT	ITEM #	PROJECT NO.	DESCRIPTION	PROJECT COSTS		% COMPLETE		EARNED VALUE	
					Budget	Forecast	Baseline	Actual	Planned	Actual
<b>6. West Marin Water System</b>										
<b>System Improvements</b>										
P	Eng	37	6.a	Olema PS Flood Protection & RTU Upgrade	\$100,000	\$100,000	40	25	\$40,000	\$25,000
	Maint	38	6.b	Emergency Generator Connections	\$15,000	\$15,000	25	0	\$3,750	\$0
P	GM	39	6.c	Gallagher Well Pipeline	\$1,286,000	\$1,286,000	43	43	\$552,980	\$552,980
	Ops	40	6.d	THM Spray Systems (3 tanks)	\$10,000	\$10,000	25	0	\$2,500	\$0
P	Eng	41	6.e	Upsize 4" Pipe from Bear Valley Tanks	\$120,000	\$120,000	0	5	\$0	\$6,000
	Eng	42	6.f	Replace Pump in Well #2	\$18,000	\$18,000	25	0	\$4,500	\$0
	Eng	43	6.g	Abandon Downey Well	\$50,000	\$0	0	0	\$0	\$0
P	Eng	44	6.h	<TP Solids Handling>	\$0	\$5,000	25	25	\$0	\$1,250
P	Eng	45	6.k	<Gallagher Stream Gauge>	\$0	\$5,000	100	75	\$0	\$3,750
					\$1,599,000	\$1,554,000				
<b>7. Oceana Marin Sewer System</b>										
	Ops	46	7.a	Infiltration Study & Repair	\$15,000	\$15,000	25	0	\$3,750	\$0
	Maint	47	7.b	Pond Power Relocation	\$15,000	\$15,000	50	0	\$7,500	\$0
	Maint	48	7.c	Disposal Field Fencing Upgrade	\$40,000	\$40,000	34	0	\$13,600	\$0
C	Ops	49	7.d	<SCADA RTU Upgrade and Install>	\$0	\$10,000	100	100	\$0	\$10,000
				SubTotal	\$70,000	\$80,000				
				Total West Marin	\$1,669,000	\$1,634,000	38	21	\$628,580	\$598,980
				FY14-15 TOTAL	\$19,179,000	\$19,281,512	34	23	\$5,054,680	\$4,833,905
C - Completed					PROJECT FORECAST REVISED					
PC - Partially completed					Baseline projects with revised forecast budget increases (indicated by shaded box)					
					Baselined projects to be deferred (indicated in strikeout)					
					New projects added (indicated in bold)					
					Prior year projects carried over indicated in italics					

FY14\_15 CAPITAL IMPROVEMENT PROJECTS

ID	Task Name	Start	Finish	% Complete	Resp	Qtr 1. 2015			Qtr 2. 2015			Qtr 3. 2015			Qtr 4. 2015		
						Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
1	<b>1 A PIPELINE REPLACEMENTS/ADDITIONS</b>	7/1/14	6/30/15	0%													
2	1A1 So. Novato Blvd - Rowland to Sunset (12"CI@1,000')	7/1/14	3/15/15	17%	ENG / CC												
3	1A2 STP Trans Line Evaluation (13,200')	7/1/14	1/30/15	10%	ENG / DJ												
4	1A3 Shields Ln 6" Cast Iron (6"@1,120')	7/1/14	9/30/14	100%	ENG / DJ												
5	<b>1B MAIN/PIPELINE ADDITIONS</b>	7/1/14	6/30/15	0%													
6	1B1 Zone A Pressure Improvements	7/1/14	6/30/15	15%	ENG / DJ												
7	1B2 San Mateo 24" Inlet/Outlet	7/1/14	6/30/15	0%	ENG / DM												
8	<b>1C PB SERVICE LINE REPLACEMENTS</b>	7/1/14	6/30/15	0%													
9	1C1 Pacheco Valle (42) DROP	7/1/14	6/30/15	0%	ENG / JK												
10	<b>1E AQUEDUCT REPLACEMENTS/ENHANCEMENTS</b>	7/1/14	6/30/15	0%													
11	1E1 Aqueduct Energy Efficiency Project	7/1/14	6/30/15	25%	ENG / DM												
12	<b>2 SYSTEM IMPROVEMENTS</b>	7/1/14	6/30/15	0%													
13	2A RTU Upgrades	7/1/14	12/31/14	10%	MAINT/RC												
14	2B DCA Repair/Replace (14/yr)	7/1/14	3/31/15	20%	ENG / CC												
15	2C Anode Installations (150/yr)	8/1/14	3/30/15	25%	ENG / DJ												
16	2D Radio Telemetry	10/1/14	3/30/15	25%	MAINT/RC												
17	2E Inaccurate Meter Replacement	7/1/14	6/30/15	0%	ENG / CC												
18	2F Backflow Device Upgrade - BMK (14)	10/1/14	3/30/15	0%	MAINT/RC												
19	2G Tank Access Hatch/Level Alarms	7/1/14	12/31/15	30%	MAINT/RC												
20	2H Sampling Stations	7/1/14	6/30/15	5%	ENG / JM												
21	2I Facilities Security Enhancements	10/1/14	6/30/15	0%	MAINT/RC												
22	2J Emergency Generator Connections	7/1/14	6/30/15	10%	OPS / RC												
23	<b>3 BUILDING, YARD, STP IMPROVEMENTS</b>	7/1/14	6/30/15	0%													
24	<b>3A ADMIN BUILDING</b>	7/1/14	6/30/15	0%													
25	3A1 Admin Office/Lab/Yard Remodel Plan	7/1/14	6/30/15	0%	OPS / RC												



Current		Inactive Milestone		Manual Summary Rollup		Progress	
Baseline		Inactive Summary		Manual Summary			
Inactive Task		Manual Task		Start-only			
Inactive Task		Duration-only		Finish-only			

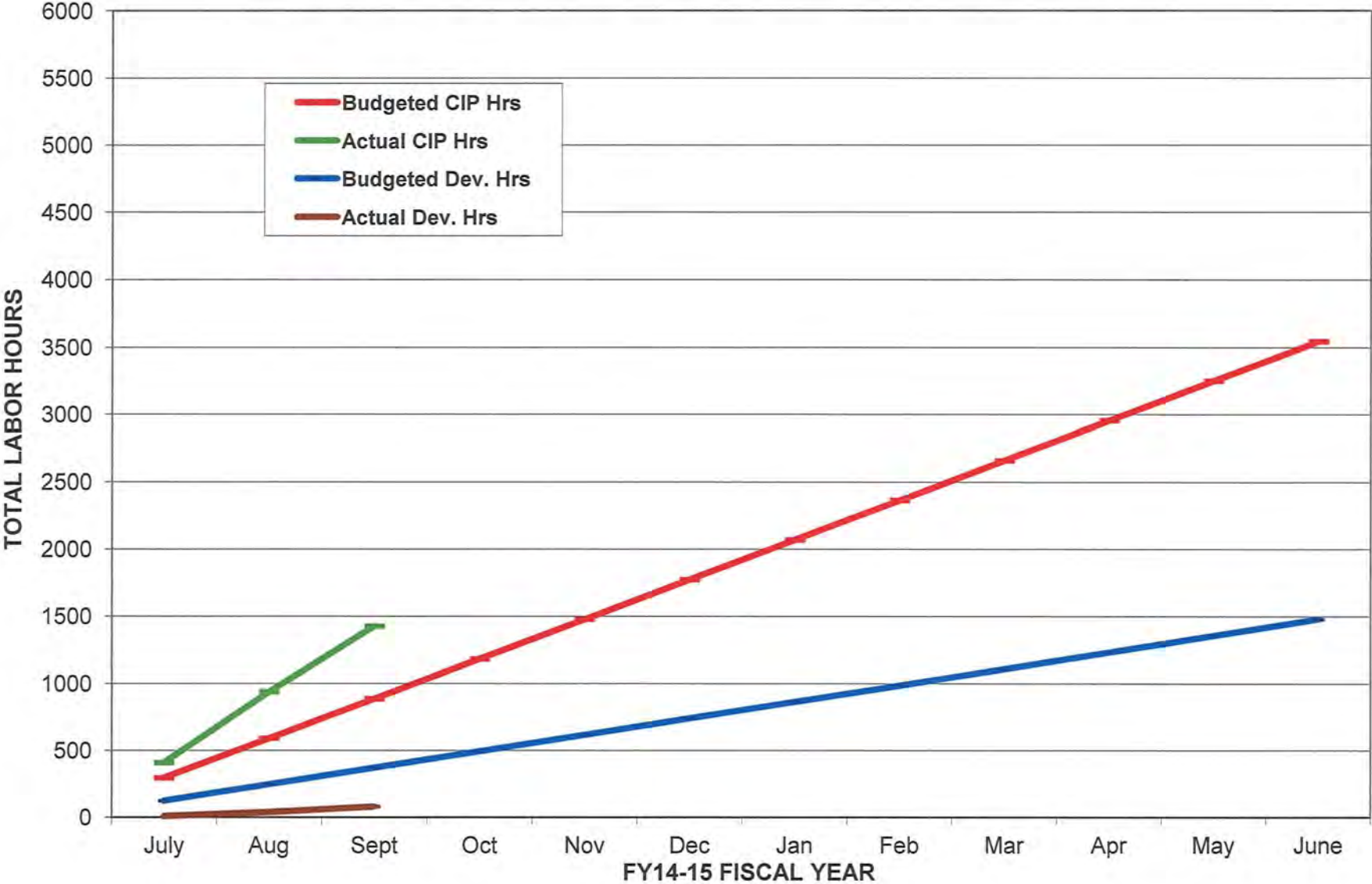
FY14\_15 CAPITAL IMPROVEMENT PROJECTS

ID	Task Name	Start	Finish	% Complete	Resp	Qtr 1. 2015			Qtr 2. 2015			Qtr 3. 2015			Qtr 4. 2015		
						Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
26	3A2 Office HVAC	7/1/14	6/30/15	0%	OPS / RC												
27	3A3 Office Emergency Generator	10/1/14	6/30/15	0%	MAINT/RC												
28	<b>3C STAFFORD TREATMENT PLANT</b>	7/1/14	6/30/15	0%													
29	3C1 Start Up Flushing Connection	7/1/14	3/15/15	5%	ENG / CC												
30	3C2 STP Emergency Power Generator	7/1/14	6/30/15	25%	OPS / RC												
31	<b>4 STORAGE TANKS/PUMP STATIONS</b>	7/1/14	6/30/15	0%													
32	4A Atherton Recoat & Mixing System	7/1/14	6/30/15	25%	ENG / CC												
33	4B Lynwood Pump Station Motor Control Center	7/1/14	12/31/14	25%	MAINT/RC												
34	4C Sunset Tank C2 Mixing System	10/1/14	6/30/15	0%	ENG / DJ												
35	4D Crest PS (Design/Const)/Reloc School Rd PS	7/1/14	6/30/15	35%	ENG / DJ												
36	<b>5 RECYCLED WATER</b>	7/1/14	6/30/15	0%													
37	5A NBWRA Grant Program Admin	7/1/14	6/30/15	25%	ENG / DM												
38	5F Deer Island Wet Well Drain	7/1/14	6/30/15	0%	MAINT/RC												
39	<b>6 WEST MARIN WATER SYSTEM IMPROVEMENTS</b>	7/1/14	6/30/15	0%													
40	6A Olema PS Flood Protection & RTU Upgrade	7/1/14	2/15/15	25%	ENG / DJ												
41	6B Emergency Generator Connections	7/1/14	6/30/15	0%	MAINT / RC												
42	6C Gallagher Well Pipeline	7/1/14	1/30/15	43%	ENG / CC												
43	6D THM Spray Systems	7/1/14	6/30/15	0%	OPS / RC												
44	6E Upsize 4" Pipe from Bear Valley Tanks	10/1/14	6/30/15	5%	ENG / CC												
45	6F Replace Pump in Well #2	7/1/14	6/30/15	0%	OPS / RC												
46	6G Abandon Downey Well	1/15/15	6/30/15	0%	ENG / DM												
47	<b>7 OCEANA MARIN SEWER SYSTEM</b>	7/1/14	6/30/15	0%													
48	7A Infiltration Study & Repair	10/1/14	6/30/15	0%	OPS / RC												
49	7B Pond Power Relocation	7/1/14	12/31/14	0%	MAINT/RC												
50	7C Disposal Field Fencing Upgrade	10/1/14	3/31/15	0%	MAINT/RC												



Current		Inactive Milestone		Inactive Summary		Manual Summary Rollup		Progress	
Baseline		Inactive Summary		Manual Task		Manual Summary			
Inactive Task		Manual Task		Start-only					
Inactive Task		Duration-only		Finish-only					

ENGR. DEPT DEVELOPER & DISTRICT CAPITAL IMPROVEMENT PROJECTS (CIPs)



ATTACHMENT C

15

## MEMORANDUM

To: Board of Directors  
From: David L. Bentley, Auditor-Controller  
Subj: West Marin Water Connection Fee Review - 2014  
t:\acl\word\mrc\wm wtr review.docx

October 31, 2014

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

Completion and adoption of the West Marin Water System Master Plan update last August triggered a review of the West Marin Water Facilities Reserve Charge (Connection Fee) to determine if an adjustment is appropriate, given the new information. The existing connection fee of \$22,800 per equivalent dwelling unit (EDU) was adopted in 2009 and phased-in over a two-year period. Using projections from the 2014 Master Plan, the updated calculation (attached) renders a connection fee of \$23,078, a 1% increase from the existing rate. Given the projections and estimates inherent in a 20-year projection, staff believes the existing connection fee of \$22,800 is appropriate, and recommends no change at this time.

## West Marin Water Connection Fee Calculation

10/29/14

Based on West Marin Master Plan (MP) adopted 8/19/14

t:\ac\excel\frc\wm\wm wtr calc 1014.xlsxsheet1

<b>20 Year Projection</b>	<b>Total Cost (FY16 - FY35)</b>	<b>Attributable to Growth (25%)<sup>1</sup></b>	<b>Source</b>
Pipeline Replacements/Additions	\$1,749,000	\$437,250	MP Table 10-2
System Improvement Projects	\$289,500	\$72,375	MP Table 10-3 - Incl \$100K TBD
Treatment Plant Improvements	\$4,710,000	\$1,177,500	MP Table 10-4
Storage Tank/PS Projects	\$2,520,000	\$630,000	MP Table 10-5 - Incl \$400K TBD
Engineering & Study Projects	\$125,000	\$31,250	MP Table 10-6
Outstanding Debt 6/30/15	\$1,019,460	\$254,865	FY15 NMWD Fin Stmt Note 7
<b>Total 20 Year Cost</b>	<b>\$10,412,960</b>	<b>\$2,603,240</b>	
Projected New EDUs Next 20 Years		<u>112.8</u>	EDUs over past 20 years <sup>2</sup>
Calculated Connection Fee		<u><u>\$23,078</u></u>	
Existing Connection Fee		\$22,800	
% Change		1%	

### Notes

1 Ultimate Build-out Peak Month Demand (PMD) = 0.67 cfs (MP Table 4-3). Existing PMD, based upon the past 10-year average (FY06-FY15) = 0.54 cfs (T:\FINANCE\WM FRC Fees Collected 1994-2014.xls.xlsx). Ratio: 0.67/.054 = 1.241; say 25%.

2 See: T:\FINANCE\WM FRC Fees Collected 1994-2014.xls.xlsx

112.8 EDUs / 20 years = 5.64 EDU/yr as compared to 5.0 EDU/yr used in the 2009 Connection Fee calculation.

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## MEMORANDUM

To: File October 14, 2014  
From: Chris DeGabriele, General Manager  
Subj: West Marin Water System and U.S. Coast Guard Housing Facility in Pt. Reyes Station  
\\nmwdsrv1\administration\gm\coast guard housing\memo to file 100714.docx

North Marin Water District (NMWD) has learned that the U.S. Coast Guard Housing Facility is intended to be sold by the U.S. General Services Administration. Existing NMWD facilities at this location have provided vital water supply benefits to the surrounding communities for over forty years. The proposed sale is an opportunity to look to the future and acquire some portion of the existing U.S. Coast Guard Pt. Reyes Housing Facility to both maintain and enhance the delivery of reliable, high quality water service to the residents of these rural communities.

In 1973, NMWD acquired easements from the U.S. Coast Guard on the Pt. Reyes Station Housing Facility to replace private water supply wells adjacent to Lagunitas Creek, construct a water treatment plant to meet public health requirements, and extend pipelines necessary to improve water supply reliability by interconnecting the new community water supply system to the existing facilities acquired from the private water companies.

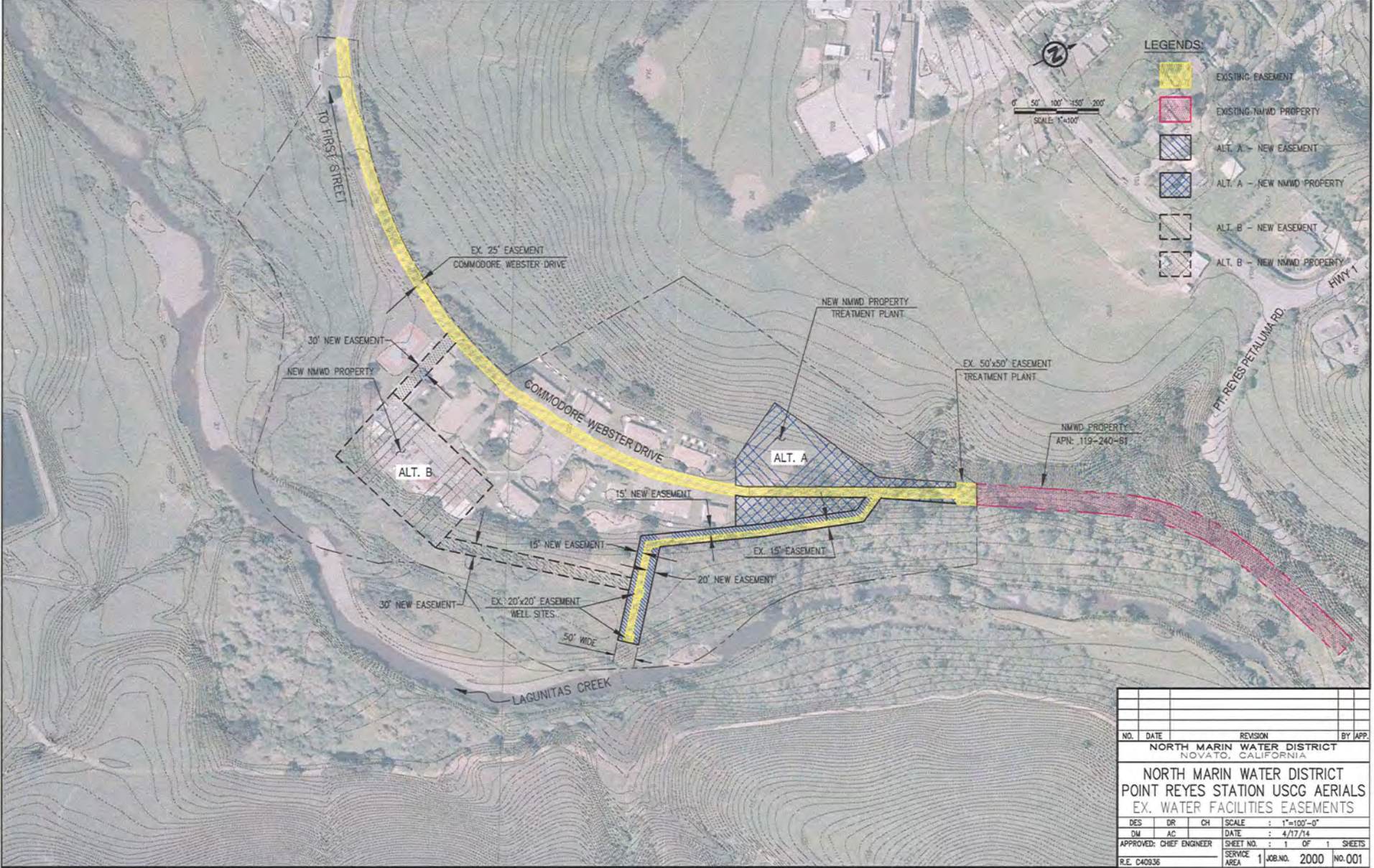
The District now proposes to acquire additional property for construction of a new community water treatment facility while maintaining the existing facility in service. The existing facility is now 40 years old and is nearing the end of its useful life. Additionally, the District is seeking to expand its existing property rights overlying its pipelines and water supply wells so that replacement wells and interconnecting pipelines can be constructed within the newly available area, enhancing system reliability while also allowing facilities design to limit any future burden on reuse of the property. Existing and proposed additional NMWD property and easements are shown on the attached NMWD Pt. Reyes Station USCG aerial drawing. Two alternative property locations are shown on the attached drawing for the proposed new water treatment facilities.

**West Marin Water System Background**

Community water supply systems have served the Point Reyes Station area since the late 1800's. Several private water companies were created to provide water over the years to the rural communities in the lower portion of Lagunitas Creek, near Tomales Bay, including Point Reyes Station, Inverness Park and Olema. Finally in 1970, at the urging of the Marin County Board of Supervisors, NMWD assumed operations after private water company wells

adjacent to Lagunitas Creek were inundated leaving the community without a water supply. NMWD now serves Point Reyes Station, Olema, Bear Valley, Inverness Park and Paradise Ranch Estates (NMWD West Marin Water). NMWD has secured appropriative water rights from the State Water Resources Control Board for use of Lagunitas Creek water in these communities and has made many facility upgrades to improve the reliability, quality and cost effectiveness for this vital community service to the NMWD West Marin Water customers. Currently, approximately 1,700 people receive water service through 776 connections.

Oct 16, 2014 - 7:55am W:\08\MSDC\Presentations\VIS USC Aerial User: ACANTILLER



- LEGENDS:**
- EXISTING EASEMENT
  - EXISTING NMWD PROPERTY
  - ALT. A - NEW EASEMENT
  - ALT. A - NEW NMWD PROPERTY
  - ALT. B - NEW EASEMENT
  - ALT. B - NEW NMWD PROPERTY

NO.	DATE	REVISION	BY	APP.
<b>NORTH MARIN WATER DISTRICT</b> NOVATO, CALIFORNIA				
<b>NORTH MARIN WATER DISTRICT</b> <b>POINT REYES STATION USC AERIALS</b> <b>EX. WATER FACILITIES EASEMENTS</b>				
DES	DR	CH	SCALE	: 1"=100'-0"
DM	AC		DATE	: 4/17/14
APPROVED: CHIEF ENGINEER			SHEET NO.	: 1 OF 1 SHEETS
R.E. C40936	SERVICE AREA	1	JOB NO.	2000
				NO. 001

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**WATER ADVISORY COMMITTEE  
AND  
TECHNICAL ADVISORY COMMITTEE**

**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. 2015 WAC/TAC Meeting Schedule (Note – 11/14/2014 Water Education Facility  
Groundbreaking & possible Fish Screen Project tour)
12. 2014 EPA WaterSense Partner of the Year Award (**Photo at end of meeting**)
13. Items for next agenda
14. Check Out

Draft Minutes of Water Advisory Committee and Technical Advisory Committee  
35 Stony Point Road, Santa Rosa, California  
August 4, 2014

Attendees: Erin Carlstrom, City of Santa Rosa  
David Guhin, City of Santa Rosa  
Jennifer Burke, City of Santa Rosa  
Linda Reed, City of Santa Rosa  
Linda Hall, City of Santa Rosa  
Elise Howard, City of Santa Rosa  
Rocky Vogler, City of Santa Rosa  
Kimberly Zunino, City of Santa Rosa  
Robin Goble, Town of Windsor  
Toni Bertolero, Town of Windsor  
James Smith, Town of Windsor  
Susan Harvey, City of Cotati  
Damien O'Bid, City of Cotati  
Mark Heneveld, Valley of the Moon Water District  
Dan Muelrath, Valley of the Moon Water District  
Laurie Gallian, City of Sonoma  
Dan Takasugi, City of Sonoma  
Jake Mackenzie, City of Rohnert Park  
Mary Grace Pawson, City of Rohnert Park  
Mike Healy, City of Petaluma  
Dan St. John, City of Petaluma  
Dennis Rodoni, North Marin Water District  
Chris DeGabriele, North Marin Water District  
Larry Russell, Marin Municipal Water District  
Mike Ban, Marin Municipal Water District  
Efren Carrillo, Board of Supervisors  
Susan Gorin, Board of Supervisors  
Grant Davis, SCWA  
Pam Jeane, SCWA  
Lynne Rosselli, SCWA  
Carrie Pollard, SCWA  
Brad Sherwood, SCWA

Public Attendees: Brenda Adelman, RRWPC  
David Keller, FOER  
Bob Anderson, United Wine Growers  
Tom Yarish, Friends of the Esteros  
Dietrich Stroeh, Stuber-Stroeh Engineering Group  
Dawna Gallagher Stroeh, SRBPGW, Clean Water Sonoma Marin  
Deborah Tavares  
Margaret DiGenova, California American Water  
Jim Downey, Penngrove/Kenwood Water District

1. Check-in

Dennis Rodoni, WAC Chair, called the meeting to order at 9:02 a.m.

2. Public Comment

Deborah Tavares commented on speakers at the Siskiyou County Supervisors meeting on weather modification and her concerns that the world's climate is going to be completely controlled. Deborah also commented on Lester Snow's presentation regarding Rand and Bechtel Corporation's interest in privatization of water supply.

Brenda Adelman commented on the 2.5% savings in Russian River water deliveries over last year. She encouraged promoting conversion of turf to low water use plants.

3. Recap from the June 2, 2014 WAC/TAC Meeting and Approval of Minutes  
Moved by Laurie Gallian, City of Sonoma, seconded by Mark Heneveld, Valley of the Moon Water District, to approve the minutes of the June 2 WAC/TAC meeting; unanimously approved.
4. Recap from the July 7, 2014 TAC Meeting and Approval of Minutes  
Moved by David Guhin, City of Santa Rosa, seconded by Damien O'Bid, City of Cotati, to accept the minutes of the July 7 TAC meeting; unanimously approved.
5. Water Supply Coordination Council  
The summary of the meeting was included in the handouts emailed to the members.
6. Water Supply Conditions  
Pam Jeane, SCWA, reported that the release from Lake Sonoma is being adjusted according to water needs. Lake Sonoma is at 66%, the lowest level since it was filled in 1987. Lake Mendocino is at 34%, the lowest level since 1977. Release changes have been made to Lake Mendocino. Demand on the upper Russian River has kept the release volume from Lake Mendocino higher than originally planned. We are in a dry year classification for 2014. 55MGD is the average water demand on the transmission system. State Water Board enforcement staff have been in the area looking for water right curtailment violators.

The lower Russian River is very low and algae is starting to appear according to Brenda Adelman.

7. Report on SWRCB Emergency Regulation for Statewide Urban Water Conservation/Sonoma Marin Saving Water Partnership/Water Contractor Water Conservation Activity  
Chris DeGabriele, NMWD, reviewed the comment letter sent to the State Board regarding the Emergency Regulations for Water Conservation and recapped the ad hoc TAC meeting held on July 15. Santa Rosa is initiating a 20% reduction in water use by resolution. Water wasters will be notified to stop. There will be a drought awareness event on August 23 at Coddington Mall. Rohnert Park is taking an emergency ordinance to City Council on August 26 to address complying with the state mandate for water use. Windsor is also taking a 20% reduction to Council on August 6.

Brenda commented that some contractors have actually used more water this year over last year. Cal. American Water asked what communities are going to do to enforce guidelines for reductions. Chris responded that reporting communities have compliance plans and are working with customers to correct water waste.

Carrie Pollard reported that the outreach campaign for reduction of water use continues. The displays at the Sonoma County Fair have been expanded and outdoor irrigation is the focus for conservation. Elise Howard commented on the Do It Yourself Outdoor Drought Event on August 23 at Coddington Mall from 10am-4pm. Reusable displays are being used that can be utilized by other groups having events.

Efren Carrillo commented on contractors reporting their strategies and results as a standing agenda item.

Susan Gorin, SCWA, commented on the collaboration of the city of Sonoma and Valley of the Moon Water District with the Sonoma County Water Agency. She suggested assistance to smaller businesses to help them reduce water use should be pursued. Laurie Gallian, City of Sonoma, reported the citizens of Sonoma are careful about their water use. Dan Takasugi, PW Director City of Sonoma, reported that the City has been

working on leak detection and repairs with specialized contractors. Dan Muelrath, Valley of the Moon Water District, reports a 16-17% reduction in water use since February and has an Advanced Meter Infrastructure Pilot installation starting.

David Keller commented on the possibility of new development being used to pay for water use efficiency programs.

8. SCWA Water Management Activities

Grant Davis, SCWA, reported that the Water Saving Partnership is working together to reduce water use. In Sonoma Valley 6500 toilets have been replaced by Ultra High Efficiency Toilets in a direct install program. A Temporary Urgency Change Petition is being filed by Mendocino County to preserve water stored in Lake Mendocino and a similar request will be filed by Sonoma County to request reduced water releases and in stream flows in both the upper and lower Russian River. If approved the order should add 1 month of available water supply for the upper Russian River.

Brenda commented on the toxic algae blooms in the River and asked for a study to be done when the water flow is reduced.

9. Mirabel Fish Screen/Fish Ladder Construction Update

Pam Jeane, SCWA, recapped the progress described in handouts emailed to the members.

10. Biological Opinion Status Update

Pam Jeane, SCWA, recapped the handout emailed to the members.

11. One Year Extension of Water Supply Agreements between SCWA and MMWD

Grant Davis reported that the existing agreement for water supply between SCWA and MMWD has been extended for one year to work out the details in a new agreement.

Windsor's agreement with SCWA for diversion of water from the Russian River has been renewed for 10 years.

12. Integrated Regional Water Management Plan(s) Update

Jake Mackenzie reported on the North Coast plan under public review between June 18 and July 18. On July 21 \$8.7M was requested for funding of 11 projects of the 23 project proposals considered. Recommendations will be forthcoming in October. The projects submitted were not the ones that the panel had originally selected. \$11+M will be available for next year's projects.

Brad Sherwood reported on the Bay Area stating 39 projects have been submitted totaling \$32M.

13. Items for next TAC Agenda

Water Supply Conditions

Biological Opinion Status Update

Items for next WAC/TAC agenda

Water Supply Coordination Council

Reports from contractors on water conservation progress

Chair and Vice Chair nomination process for 2015

AMI Projects report

Integrated Regional Water Management Plan(s) Update

14. Check Out

Next TAC meeting is September 8

Next WAC/TAC meeting is November 3

Meeting was adjourned at 10:37a.m.



Draft Minutes of Technical Advisory Committee  
35 Stony Point Road, Santa Rosa, California  
October 6, 2014

Attendees: David Guhin, City of Santa Rosa  
Rocky Vogler, City of Santa Rosa  
Kimberly Zunino, City of Santa Rosa  
Linda Hall, City of Santa Rosa  
Elise Howard, City of Santa Rosa  
Garrett Broughton, Town of Windsor  
Stewart Hayre, Town of Windsor  
Mary Grace Pawson, City of Rohnert Park  
Dan Takasugi, City of Sonoma  
Dan Muelrath, Valley of the Moon Water District  
Damien O'Bid, City of Cotati  
Leonard Olive, City of Petaluma  
Dennis Rodoni, North Marin Water District  
Chris DeGabriele, North Marin Water District  
Drew McIntyre, North Marin Water District  
Mike Ban, Marin Municipal Water District  
Pam Jeane, SCWA  
Mike Thompson, SCWA  
Carrie Pollard, SCWA  
Ann DuBay, SCWA  
Carly Cabrera, SCWA

Public Attendees: Brenda Adelman, RRWPC  
David Keller, FOER  
Margaret DiGenova, California American Water  
John Rosenblum  
J. Dietrich Stroeh  
Dawna Gallagher Stroeh  
Bob Anderson

1. Check-in

Chair Chris DeGabriele called the meeting to order at 9:06a.m.

2. Public Comment

Brenda Adelman commented on water sales increasing in May, June and July. In August sales went down. Brenda questions water use not really going down. Margaret DiGenova reported that Larkfield, Wikiup and Fulton will have a meeting tomorrow night regarding mandatory water conservation.

3. Recap from September 8, 2014 TAC Meeting and Approval of Minutes

Moved by Damien O'Bid, City of Cotati, to approve the minutes as published, seconded by David Guhin, City of Santa Rosa; unanimously approved.

4. Water Supply Conditions and Summer Water Conservation

Pam Jeane, SCWA, reported that Lake Mendocino is at 28% storage capacity and Lake Sonoma is at 60% storage capacity. Both dams have been inspected by the Corps of Engineers, with no issues detected. The PG&E Potter Valley Project power plant is being shut down from November 1 to March 15, which will reduce the water flowing to

Lake Mendocino. Meetings will be taking place with State Fisheries and Wildlife regarding fish in the river and water flows. The estuary is closed. Carrie Pollard, SCWA, reported that two water conservation programs have been launched in the Upper Russian River area: cash for grass and direct installation of fixtures. Grant funding for water conservation in the Upper Russian River has been approved and is forthcoming. Questions followed from the TAC and the public.

5. Temporary Urgency Change Order

The current order is in place to February 2015.

6. Biological Opinion Status Update

Pam Jeane, SCWA, reviewed the Biological Opinion Status Update sent via email to meeting attendees. The Dry Creek demonstration project for the end of the first mile will be completed in a couple of weeks. Two firms are working on miles two and three to design the continuing project. An application has been submitted requesting funds from the Corps of Engineers to help with funding of the project. The fish ladder project will continue through the winter with the diversion of water to keep the area dry permitting construction to continue. The estuary mouth is closed. Water quality is being monitored. It may be possible to cut a ditch across the sand bar to allow the estuary to drain if the water rises sufficiently in the estuary.

7. Water Bond Update

Chris DeGabriele gave an update. Legislation has passed and Proposition 1 will be on the November 4 ballot for voter approval.

8. Items for Next Agenda

November 3 WAC/TAC Meeting

Overview of Napa response to the earthquake

Dry Creek Enhancement Project Update

Water Supply Conditions and Summer Water Conservation

Biological Opinion Status Update

9. Check Out

Next WAC/TAC meeting is November 3

Next TAC meeting is December 1

Meeting adjourned at 9:48a.m.

Summary  
October 17, 2014  
Water Supply Coordination Council Meeting

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

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

1. Review Summary of Last Meeting (July 25, 2014)

A summary of the July 25, 2014 WSCC meeting was reviewed.

2. November 3<sup>rd</sup> WAC/TAC Meeting

The agenda for the Water Advisory Committee and Technical Advisory Committee scheduled for November 3, 2014 was reviewed. Dennis Rodoni noted that he would appoint a nomination sub-committee for WAC Chair/Vice-Chair at the February 2, 2015 WAC/TAC meeting. It was also noted that the February 2, 2015 WAC/TAC meeting will include an agenda item reviewing the Urban Water Management Planning Process.

3. Water Supply

a. Water Supply Conditions

Grant Davis reported that Lake Mendocino holds just over 29,000AF and Lake Sonoma 143,500AF.

b. Temporary Urgency Change Order

Grant advised that PG&E is embarking on a project to replace stoppage valves in the Potter Valley Project penstocks, which may interrupt diversions out of the Eel River into the east fork Russian River from November 1<sup>st</sup> through March 15<sup>th</sup>. The reduced diversions will take Federal Energy Regulatory Commission authorization and could total up to 25,000AF. It was noted that had this planned maintenance work been known by SCWA, a modified Temporary Urgency Change for Upper Russian River flows may have been requested. Grant further indicated that a Press Democrat article on the subject is forthcoming.

4. Mirabel Ground Stabilization – Fish Ladder Project

Jay Jasperse advised that the sheet pile cofferdam has been installed, tie-backs are

now being anchored and a de-watering system is now going in. Grant indicated that the Water Education Facility groundbreaking is scheduled on November 14<sup>th</sup> and it would be a good opportunity to tour the fish ladder project at that time.

5. Water Bond

Proposition 1 on the November 4<sup>th</sup> ballot proposes the Water Bond which includes funding for storage. Grant advised that ACWA is establishing a storage subcommittee which the Agency hopes to participate in, advocating for small local storage projects, rather than the large projects at Sites reservoir and Temperance Flat.

6. FIRO (Forecast Information for Reservoir Operations)

Jay advised that work is ongoing with US Army Corps of Engineers, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, USGS, US Bureau of Reclamation, California Department of Water Resources, the Scripps Institute and SCWA to develop pilot programs for reoperation of reservoirs based on weather forecasting. It is hope that Lake Mendocino will be the pilot study reservoir for this effort. Longer term forecasting of weather conditions will ultimately come from this work but short term improvements within the next four to five years should result with better operation of water storage in California and other western states. A meeting of the FIRO steering committee will be held in December in San Diego, coincident with the ACWA conference. Grant noted that the Agency and Corps of Engineers had signed off on a cost-sharing agreement for Dry Creek Habitat Improvements miles two and three.

7. Sustainable Groundwater Management Act

Jay Jasperes acknowledged that legislation has been signed by the Governor and it is extremely complicated. He advised that a consolidated version of the three groundwater bills has just been issued and it's likely that clean-up legislation will be proposed in the near future. The legislation establishes governance alternatives for priority groundwater basins. Petaluma, Santa Rosa plain, Sonoma Valley, and Ukiah basins are included in the medium priority. The Alexander Valley and Russian River Valley basins may be added. The Governance must be established by June 30, 2017 for medium priority basins. Many options are available to form the governance structure and they are to be locally determined.


8. Schedule Next Meeting

Parties requested to schedule the next meeting in mid/late January prior to the February 2015 WAC/TAC meeting.

MEMORANDUM

To: Water Advisory and Technical Advisory Committees

October 27, 2014

From: Chris DeGabriele, TAC Chair 

Subject: FY 2015/16 L/R/T2 Program Funding  
f:\gm\scwa\lrt2 subcommittee\fy 2014-15 program funding tac memo.doc

On September 2, 2014 a letter was sent to the city of Santa Rosa advising that: 1) Santa Rosa had not yet received its' full funding allocation under the original SCWA Local Supply/Recycled Water/Tier 2 Conservation funding program, and 2) soliciting project proposals.

The total remaining to be collected and allocated among all remaining recipients is ~\$2.5M (Attachment 1). L/R/T2 Funding has been disbursed for all Water Contractors except MMWD, Rohnert Park, Sonoma and Santa Rosa. Funding has been encumbered but not yet disbursed for MMWD, Rohnert Park and Sonoma. The City of Santa Rosa has replied to the September 2<sup>nd</sup> letter advising that Santa Rosa requests project funding for FY 2015/16.

In FY 2014/15, the SCWA O&M Recycled Water and Local Supply sub-charge, at \$27.56/AF, is about 3% of the total SCWA wholesale water rate and collects approximately \$1.2M per year. SCWA uses those funds for both Agency and consultant services for the Groundwater Management Plans. Additionally, \$16/AF of this surcharge is used for the L/R/T2 program. SCWA staff anticipates that the level of funding and expenditure for groundwater management will continue in FY 2015/16.

In 2011 the L/R/T2 Subcommittee agreed to propose additional revenue and fulfill the remaining allocations outstanding within a five-year window. The amount needed to fund both Santa Rosa projects is \$1,157,233. During SCWA budget deliberations the TAC will address any needed adjustment to the L/R/T2 sub charge to meet revenue requirements for the Santa Rosa projects.

**RECOMMENDATION:** TAC recommends maintaining the L/R/T2 sub-charge in the SCWA FY 2015/16 budget to generate funds sufficient to reimburse Santa Rosa with the understanding that the sub charge may be adjusted upon review of the proposed draft SCWA FY 2015/16 budget.

**Water Transmission System Agency Fund**  
**Local Supply / Recycled Water / Tier 2 Programs**

**Balance as of August 18, 2014**

<i>Contractor</i>	<i>10-Year Allocation</i>	<i>Amount Approved by WAC</i>	<i>Amount Disbursed</i>	<i>Balance Available<sup>1</sup></i>	<i>Encumbered</i>
Santa Rosa	\$5,065,236	\$4,003,876	\$3,908,003	1,157,233	
Petaluma	2,197,913	2,197,913	2,197,913	0	
MMWD	1,724,026	1,000,000	1,000,000	724,026	724,026
NMWD	1,846,726	1,846,726	1,846,726	0	
Rohnert Park	649,629	649,629	325,000	324,629	324,629
VOM WD	627,875	627,875	627,875	0	
Sonoma	539,411	450,000	264,294	275,117	275,117
Windsor	86,996	86,996	86,996	0	
Cotati	157,235	157,235	157,235	0	
Forestville	104,953	104,953	104,953	0	
<b>TOTAL</b>	<b>\$13,000,000</b>	<b>\$11,125,203</b>	<b>\$10,518,995</b>	<b>\$2,481,005</b>	

1. Balance Available based on 10-Year Allocation

*Program started June 30, 2000 - No end date specified.*



October 14, 2014

Chris DeGabriele  
Chair, Technical Advisory Committee  
General Manager  
North Marin Water District  
P.O. Box 146  
Novato, CA 94948

RECEIVED  
OCT 17 2014  
North Marin Water District

Dear Mr. DeGabriele,

Subject: SCWA L/R/T2 Program Funding for FY 2015/16

The City of Santa Rosa is requesting funding for the design and construction of a water treatment discharge line for the City's Farmers Lane wells 4-1 and 4-2 under the provisions of the Local Supply/Recycled Water/Tier 2 Conservation (L/R/T2) funding. The City is also requesting funding for the City's Green Exchange Rebate Program.

The City's Farmers Lane Wells provide approximately 3.2 million gallons per day up to 2,300 acre-feet per year of local supply to City of Santa Rosa water customers. These production wells are typically operated during the summer months to assist in meeting peak demand. In order to ensure reliable use of the Farmers Lane Wells, the City must inspect and test the wells this fall and winter to help the City understand the subsurface conditions and how to best operate the wells particularly in this time of exceptional drought. Some of the tests require pumping large volumes of groundwater for flushing. In order to preserve water quality and in-stream habitat in Spring Creek, the City needs to construct a 12-inch force main line to connect the wells to a large diameter sewer trunk to accommodate the flushing required for testing as well as flushing for annual production startup. This project will construct an underground 12-inch force main through five private properties south of the well treatment site located at 2260 Sonoma Avenue, and bore and jack under Spring Creek to a trunk sewer on the property located at 1135 Farmers Lane.

The cost of designing and constructing the water treatment discharge line is summarized as follows:

- Design/Right of Way	\$ 243,000
- Construction	\$ 739,600
- <u>Construction Management/Inspection</u>	<u>\$ 111,000</u>
Total:	\$1,093,600

The City is requesting the remaining \$63,633 of L/R/T2 funding for the City's Green Exchange Rebate Program. The Green Exchange Program provides rebates for removing turf and replacing it with low water-use plants and permeable landscape materials, with a maximum of 500 square feet for residential accounts and 5,000 square feet per meter for commercial accounts. The Green Exchange Program is a cost-effective method of offsetting peak demand during the irrigation season. With the adoption of Stage 1 Mandatory of the City's Urban Water Shortage Contingency Plan on August 5, 2014, the City increased the per square foot rebate amount from \$0.50 to \$1.00. This has led to a 22% increase in participation in the Green Exchange Rebate program.

Based on current program information, 18 gallons of water are saved per square foot of turf removed and replaced with low water-use alternatives. Low water use landscapes have a 15 year life. The average square footage of turf removed through the rebate program for commercial sites is 2,864 square feet with an average rebate amount of \$897. The average square footage of turf removed through the rebate program for residential sites is 900 square feet with an average rebate amount of \$241. Therefore, the average water savings over the life of the landscape for commercial sites is 2.37 acre-feet and 0.75 acre-feet for residential sites.

The L/R/T2 Guidelines requires conservation projects to be "Cost effective water conservation measures." With current participation in the rebate program of 13% commercial and 87% residential, the mean cost of water through the Green Exchange Program is \$330 per acre-foot (AF). By comparison, the current cost of water from the Sonoma County Water Agency is \$730.68/AF.

Under the L/R/T2 Guidelines, the City is eligible for \$5,065,236 during the life of the program and has received \$3,908,003, leaving a balance of \$1,157,233. The City is requesting funding of the entire remaining balance of \$1,157,233 in FY 2015/16 for the two projects described above.

City staff believe that these projects meet the L/R/T2 Guidelines. Should you have any questions or need any additional information, please contact Jennifer Burke, Deputy Director Water and Engineering Resources, at 707-543-3359.

Sincerely,



David M. Guhin  
Director of Utilities



18

**NOTICE OF MEETING OF  
NORTH BAY WATERSHED ASSOCIATION**

Notice is hereby given that a meeting of the North Bay Watershed Association will be held as follows:

Date: Friday, November 7, 2014  
Time: 9:30 a.m. – 11:30 a.m.  
Location: Novato Sanitary District  
500 Davidson Street  
Novato, CA 94945

**AGENDA**

<b><u>Item</u></b>	<b><u>Recommendation</u></b>
1. Call to Order (Jack Gibson, Chair)	
2. Public Comment	
3. Approval of the Agenda (1 min.)	Approve
4. Approval of Minutes	Approve
5. Treasurer's Report (1 min.)	Accept
6. North Bay TMDL Progress Updates (1 hr. and 30 min.) Guest Speakers: Kari Wester, Sonoma RCD Mark Newhouser, SEC Leigh Sharp, Napa RCD Chris Choo, Marin County	Information
7. Items of Interest	
8. Items for Next Agenda	

**Next Meeting Information:**

**Next Meeting: December 5, 2014  
Petaluma (Lucchesi) Community Center  
320 N. McDowell Boulevard  
Conference Room 2  
Petaluma, CA 94954**

## NORTH BAY WATERSHED ASSOCIATION

Minutes for the meeting of the North Bay Watershed Association (NBWA) Board of Directors.

Date: October 3, 2014  
Time: 9:30 a.m.  
Location: Petaluma (Lucchesi) Community Center  
320 N. McDowell Boulevard, Conference Room 2  
Petaluma, CA 94954

Directors Present: Directors present included:

<u>Board Member</u>	<u>Agency/Organization</u>	<u>Board Member</u>	<u>Agency/Organization</u>
Jack Baker	North Marin Water District	Brant Miller	Novato Sanitary District
Chris Choo	County of Marin	Chris Pegg	City of Sonoma and Sonoma
Jack Gibson	Marin Municipal Water District		Valley County Sanitation District
Russ Greenfield	Las Gallinas Valley Sanitary District	Scott Ray	Bel Marin Keys Community
Kathy Hartzell	Central Marin Sanitation District		Services District
Pamela Meigs	Ross Valley Sanitary District	Pam Tuft	City of Petaluma

Directors present represented 11 out of the 16 agencies signatory to the Association MOU.

Board Actions:

1. **Call to Order.** Jack Gibson, Chair, called the meeting to order at 9:40 a.m.
2. **Public Comment.** None.
3. **Approval of the Agenda.** (See Handout) The Board unanimously approved the agenda.
4. **Approval of the Minutes of the Board Meeting held September 5, 2014.** (See Handout) The Minutes of the Board Meeting held on September 5, 2014 were unanimously approved.
5. **Treasurer's Report.** (See Handout) The Treasurer's Report was accepted as presented by Harry Seraydarian.
6. **North Bay Water Reuse Authority Update.** Chuck Weir, NBWRA Program Manager, provided a PowerPoint and began with a summary of prior presentations to NBWA and an outline of his update. He offered background on the formation of NBWRA and the federally recognized North Bay Water Reuse Program (NBWRP) and a map showing the original region and noted that Petaluma had been added. Chuck explained the issues facing the region in pursuing more recycled water use and the history in forming NBWRA. He then focused on changes since March 2012 and first described changes to the MOU (adding members – Petaluma, MMWD; creating a new non-voting “associate” member category {County of Marin}, etc.). He summarized federal funding through Title XVI, American Recovery and Reinvestment Act (ARRA), and WaterSmart grants (over \$18m to date) and state and local funding including IRWM and State Revolving Fund sources. Chuck highlighted the Phase 1 projects (Novato South Service Area, Novato North Service Area, Novato Central Service Area, Sonoma Valley Recycled Water Project, Napa Salt Marsh Restoration Pipeline, Milliken-Sarco-Tulocay {MST} Recycled Water Project) and provided maps and visuals while explaining the components and status of each project. Chuck then presented maps of the Phase 1 and Phase 2 study areas and highlighted the expansion. He discussed the steps in the Phase 2 Final Scoping and the 12 “Preliminary Phase 2 Projects” and noted the costs for each of the 5 lead agencies (total over \$133m). Chuck described the components and schedule for the Phase 1 and Phase 2 Program and provided some detail on the Phase 2 Project Approach and the Title XVI Feasibility Report Production schedule. Chuck ended with a summary of next steps and charts illustrating the members of the agency team and consulting teams and also noted that the NBWRA is becoming a model for other regions. The NBWA Board Members had a number of questions: What is the maximum distance for purple pipe? (3.5 miles for the Napa Salt Marsh project.) Are projects meeting Title 22 or secondary treatment? (Title 22.) How much water is being pumped? (1,700 acre-feet/year.) Is Highway 37 work related? (No those are Sears Ranch and Cullinan Ranch restoration projects.) How are boundaries determined for projects? (Watersheds or cost effective piping distances.) How extensive is state coordination? (Will coordinate more with DWR and expect \$75k for each agency from DWR to help with feasibility studies.) Was State Coastal Conservancy involved in Hamilton project? (Yes directly involved.) What other regional areas are interested in the NBWRA approach? (SCVWD and San Jose, East Bay near Diablo, and possibly Sacramento.) Are you dependent on Prop 1 for funding? (No, but wonderful if it passes.) In the regulation of vineyard use is there resistance to purple pipe or concerns with runoff? (SWRCB working on permit.) If rules

are lightened up for direct potable reuse, will this affect recycling? (If drought continues no, direct potable reuse and desalination require higher level of treatment.)

7. **Water in an Uncertain Future Climate.** Bob Dickinson, Argos Analytics, provided a PowerPoint and began with a brief description of the tools and expertise furnished by Argos and identified the team members. He then presented the elements of a future more intense hydrologic (water in the atmosphere) cycle and highlighted a few recent headlines that reinforced the potential for flooding due to storm events. Bob looked at the global picture and introduced the term Representative Concentration Pathway (RCP) for temperature and precipitation scenarios emphasizing a hotter and wetter future globally (but not everywhere). He also emphasized more frequent flooding; rising sea level and the uncertainties in predicting sea level rise; more frequent tropical cyclones; and more frequent coastal flooding. Bob then focused on the Bay Area and described a "precarious balance" where the normal amount is 5-6 storms per year and that a shortfall of 1 or 2 storms could result in a dry year as compared to a normal year. He provided graphics on a shrinking snow pack and explained the implications for the Bay Area from atmospheric river episodes and the increased frequency of extremes in the climate models. He explained an "Our Coast Our Future" (OCOF) graphic for Bay Area flooding and also noted the Central Valley has had historic 200 year flooding events and the last was in 1863 predicting a near future flooding event. Bob moved on to the roots of climate uncertainty and highlighted climate model limitations, emission scenarios, natural variability, and going from global to regional and local analysis. He then provided a few examples for temperature and precipitation. Bob then provided a graphic to help answer the question –what should you plan for? He emphasized there is no simple answer and decisions are a function of risk tolerance. Bob presented the Argos Trace system and gave two examples – Bay Area Drought Study (completed in 2013 for the Bay Area Joint Policy Committee) and Intensity, Duration, Frequency (IDF) curves for the Central Valley. Argos is working on identifying shifts in IDF curves due to climate change (general shift upwards). The NBWA Board Members had several questions: Has the prediction of an ice age to mitigate climate change come up? (This was big concern back in 1970s before CO<sub>2</sub> rates were analyzed.) How reliable is CO<sub>2</sub> and climate change correlation? (Correlation established with causation understood.) Is it possible to apply the model to a Water District scale? (Yes, very doable once we understand system.) How do you look at risk tolerance and avoid over building or doing nothing? (Can use adaptive approaches.)

8. **Project Approval: Coyote Creek and Bothin Marsh Dredge Sediment Reuse Pilot Project – Phase I: Feasibility Design Study.** Harry Seraydarian used a PowerPoint to present a new project for NBWA Board approval – Coyote Creek and Bothin Marsh Dredge Sediment Reuse Pilot Project, Phase I: Feasibility Design Study (\$25k). Harry offered background on projects approved to date and explained the elements of the proposal. He described recent actions by the Joint Technical Committee (JTC) and noted endorsements by RWQCB, BCDC and SFEI. Harry highlighted that approving all projects endorsed by the JTC may require using up to \$5k of our contingency funds for this fiscal year (based on an updated estimate of carryover funds) and this would result in less carryover for next fiscal year. The NBWA Board Members approved the proposal, with one no vote, and suggested adding an element to identify the "fatal flaws" if the project is not feasible. Harry also provided an update on DWR recommendations for Drought Round funding and noted the Bay Area had the highest score and largest amount. Harry ended with a summary of the funding elements in Prop 1.

9. **Items of Interest.** None.

10. **Items for Next Agenda.**

\* North Bay Total Maximum Daily Load (TMDL) Update – Chris Choo, Mark Newhouser, Leigh Sharp, Kari Wester

Jack Gibson, Chair, adjourned the meeting at 11:29 a.m.

SUBJECT TO BOARD APPROVAL

Submitted By: Elizabeth O. Preim-Rohtla  
Assistant to the Executive Director

**NEXT MEETING INFORMATION:**

November 7 – Novato Sanitary District, 500 Davidson Street, Novato, CA 94945

December 5 – Petaluma (Lucchesi) Community Ctr., 320 N. McDowell Blvd., Petaluma, CA 94954-Conf. Rm. 2

**2015 NBWA Board of Directors' Meetings Schedule**

**All meetings are held on Fridays from 9:30 a.m. to 11:30 a.m.**

January 9 – Marin Community Foundation, 5 Hamilton Landing, Suite 200, Novato, CA 94949

February 6 – Petaluma (Lucchesi) Community Ctr., 320 N. McDowell Blvd., Petaluma, CA 94954-Conf. Rm. 2

March 6 – Novato Sanitary District, 500 Davidson Street, Novato, CA 94945

April 3 – Napa Location – TBD

May 1 – Marin Community Foundation, 5 Hamilton Landing, Suite 200, Novato, CA 94949

June 5 – Novato Sanitary District, 500 Davidson Street, Novato, CA 94945

July 10 – Marin Community Foundation, 5 Hamilton Landing, Suite 200, Novato, CA 94949

No August Meeting

September 11 – Novato Sanitary District, 500 Davidson Street, Novato, CA 94945

October 2 – Petaluma (Lucchesi) Community Ctr., 320 N. McDowell Blvd., Petaluma, CA 94954-Conf. Rm. 2

November 6 – Novato Sanitary District, 500 Davidson Street, Novato, CA 94945

December 4 – Petaluma (Lucchesi) Community Ctr., 320 N. McDowell Blvd., Petaluma, CA 94954-Conf. Rm. 2

19

**DISBURSEMENTS - DATED OCTOBER 23, 2014**

ITEM #19

Date Prepared: 10/20/14

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:

<u>Seq</u>	<u>Payable To</u>	<u>For</u>	<u>Amount</u>
EFT*	US Bank	September Bank Analysis Fees	\$5,651.01
1	Agilent Technologies	Repair Parts for AA Instrument (Lab)	347.32
2	Alpha Analytical Labs	Lab Testing	1,145.00
3	A.S.T.I.	Fire Service Testing (44) (Balance Remaining on Contract \$21,140)	3,860.00
4	AT&T	Telephone Charges: Leased Lines	63.52
5	Bank of Marin	Bank of Marin Loan Principal & Interest (Pymt 36 of 240)	46,066.67
6	Bay Area Air Quality Mgmt Dist	Annual Permit Renewal (To Operate Fuel Tanks)	283.00
7	Bentley, David L.	Novato "Pool Cover Rebate" Program	41.25
8	BlackPoint Tree Service	Remove 3 Dead Pines (Sunset Tank)	2,200.00
9	CalPERS Retirement System	Pension Contribution for PPE 10/15/14	42,663.12
10	Campbell, Vicki	Novato "Hot Water Circulation System" Rebate Program	75.00
11	CDW-Government	SCADA Radio Network Firewall	2,824.26
12	Chew, Wayne	Novato "Washer Rebate" Program	50.00
13	Connor, Leigh	Novato "Washer Rebate" Program	50.00
14	Corrpro	Repair Cathodic Protection Circuit Breaker (Air Base Tank)	350.00
15	Darbellay, Ron	Novato "Cash for Grass" Program	200.00
16	Deshayes, Karen	Novato "Cash for Grass" Program	95.00
17	Doyle, Robert T.	Wage Assignment Order	473.61
18	Faresh, Hal	Novato "Cash for Grass" Program	400.00
19	GFOA	GAAP Update Webinar Registration on 11/6/14	135.00

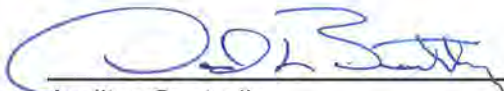
Seq	Payable To	For	Amount
20	Glenn, Don	Novato "Washer Rebate" Program	50.00
21	Grainger	Replacement Smoke Alarms (13) (\$657) (Admin Office), Strut Cushion Clamps (2), High Pressure Gun, Couplings (2), Nozzle (\$99), Trash Can, Lid & Mount (\$37)	899.12
22	Haley, Janice	Novato "Toilet Rebate" Program	200.00
23	Jim-n-i Rentals	Steel Plate (\$899) & Lifting Ring Rental (9/3-9/29)	1,071.90
24		Vision Reimbursement	102.00
25	Leonard, James	Exp Reimb: Safety Boots	195.00
26	Lincoln Life Employer Serv	Deferred Compensation PPE 10/15/14 (Adjustment)	15.55
27	Marin Landscape Materials	Crushed Rock (10 yds) (\$534), Concrete (1/2 yd) (\$93) & Sand (2 yds) (\$98)	724.85
28	Marinscope	Novato Advance Display Ad: FY15 Budget Pie Chart	226.00
29	McDowall, H	Replacement Check - Lost by Customer	43.92
30	MegaPath	October DSL Internet Service	142.88
31	Metrohm USA	Lab Equipment to Run Monthly Maintenance on IC Instrument	1,410.17
32	MSC Industrial Supply	Valve Repair Kit	13.03
33	Neopost Northwest	Service on Postal Meter	276.00
34	Nisonger, Patricia	Refund Overpayment on Closed Account	126.94
35	Novato Development	Refund Excess Advance for Construction Over Actual Job Cost - Rudnick Estates (\$1,764) & Olive Court (\$2,581)	4,345.44
36	Novato Chevrolet	Air, Oil, Transmission Filters, Heater Hose, Transmission Fluid, Transmission Pan Gasket (\$52) & Battery ('07 Chevy Colorado) (\$113)	326.25
37	On Line Resource	Refund Overpayment on Closed Account	152.51



Seq	Payable To	For	Amount
38	Pace Supply	Caps (8), Connection Rings (16), Gaskets (3) (\$70), Fire Check Valve (\$2,110), Tees (5) (\$253), Couplings (8) (\$1,367), Spools (3) (\$539), Adaptors (2) (\$182), Valves (3) (\$1,250), Reducers (4) (\$504), Tapping Sleeve (\$742), Silent Check Valves (2) (\$959), 8" Base Bends (2) (\$615) & Meter Flange Gasket (40)	8,928.45
39	Pesticide Applicators Prof Asso	Registration Fee for 11/6/14 Class (Cilia)	80.00
40	PG&E	Extend Electric Power Service to Oceana Marin Pond & Disconnect from Estero Mutual Shared Service	2,630.96
41	Point Reyes Light	Legal Notice: Salinity Intrusion into Pt Reyes Well Supply on 9/25/14	56.00
42	Poon, Frank	Novato "Toilet Rebate" Program	200.00
43	Postel, Frederick & Patricia	Novato "Cash for Grass" Program	200.00
44		Cafeteria Plan: Childcare Reimbursement	208.33
45	Roberts & Brune	Hex Nuts (500) (\$382), Box Covers (2), Hydrant Extensions (5) (\$392), Nipples (3), Check Valves (2), Bushings (9) (\$97), Plug & Meter Stops (2) (\$142)	1,183.15
46	Schubeck, Gretchen	Novato "Pool Cover Rebate" Program	28.00
47	Seaman, Michael	Refund Overpayment on Closed Account	414.14
48	Sebastopol Bearing & Hydraulic	High Pressure Hose Reels (2)	179.55
49	Sequoia Safety Supply	Earplugs (400)	61.85
50	Shaw, Elizabeth	Novato "Cash for Grass" Program	350.00
51	Staples Advantage	Post-it Flags (2,000) (\$98) & Copy Paper (400 reams) (\$150)	247.60
52		Cafeteria Plan: Uninsured Medical Reimbursement	529.66
53	Strahm Communications	West Marin Fall Waterline Postage (700)	196.00
54	Sun, Andy	Novato "Washer Rebate" Program	50.00
55	TelePacific	Telephone Charges: Voice Lines	452.75
56	USA BlueBook	Chlorine Level Sensor (Deer Island RWTP)	1,118.68

Seq	Payable To	For	Amount
57	Van Bebber Bros	Expanded Metal for Stairs @ Olema Tank	154.29
58	Vantage Point Consulting	Consulting Services: Atherton Tank Recoating Project (Balance Remaining on Contract \$3,375)	1,625.00
59	Verizon California	Telephone Charges: Leased Lines	290.26
60	Volvo Construction Equipment	Compressor Oil (6 gal) (\$139-'11 Compressor & \$117 '12 Compressor), Air, Oil, Fuel & Hydraulic Filters (\$300-'11 Compressor & \$281 '12 Compressor)	838.01
61	VWR International	Vials (800) (Lab)	160.19
62	Wild Horse Valley HOA	Novato "Cash for Grass" Program	400.00
63	Winzer	Grinder Disks (\$173) (20) & Lead Wire (10)	215.54
64	Zhu, Sherry	Refund Overpayment on Closed Account	51.99
<b>TOTAL DISBURSEMENTS</b>			<b><u>\$132,494.71</u></b>

The foregoing payroll and accounts payable vouchers totaling \$132,494.71 are hereby approved and authorized for payment.



Auditor-Controller

10/20/14

Date



General Manager

10/20/2014

Date

## DISBURSEMENTS - DATED OCTOBER 30, 2014

Date Prepared: 10/27/14

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	Abell, Gregory	Novato "Toilet Rebate" Program	\$200.00
2	Accelerated Technologies Labs	One Year Maintenance & Support on Lab Info Management System (8/14-8/15) (Budget \$6,700)	6,546.89
3	Agilent Technologies	Repair Parts for AA Instrument (Metal Analysis) (Lab)	378.23
4	American Family Life Ins	November Employee Contribution for Accident, Disability & Cancer Insurance	4,366.65
5	Antonio, Frank &	Novato "Washer Rebate" Program	50.00
6	Athens Administrators	November Workers' Comp Admin Fee	1,000.00
7	AT&T	Telephone Charges: Leased Lines	152.94
8	Berg, Betty	Novato "Washer Rebate" Program	50.00
9	California State Disbursement	Wage Assignment Order	1,018.50
10	CalPERS	Health Insurance Premium (Employees \$52,271, Retirees \$9,786 & Employee Contrib \$9,891)	71,948.45
11	Cilia, Joseph	Exp Reimb: Safety Boots	200.00
12	Core Utilities	Consulting Services: Sept IT Support (\$5,000), Program & Tune Radio Between Center Rd Tank & STP (\$925), Website Updates (\$450), Integration of Deer Island RWF Operation (\$2,500) & Network Firewall Appliance Support Agreement (\$736)	9,611.09
13	CSW/Stuber-Stroeh Engineering	Engineering Services: Marin Sonoma Narrows NMWD Aqueduct Energy Efficiency Project (Balance Remaining on Contract \$218,769)	28,683.48
14	Deason, Lucius	Novato "Toilet Rebate" Program	200.00
15	Demeter, Vicki	Refund Overpayment on Closed Account	46.00
16	ENR	Subscription Renewal (McIntyre) (2/15-2/16) (Budget \$90)	69.00

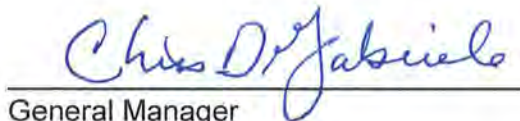
Seq	Payable To	For	Amount
17	Charles Z. Fedak	Progress Billing on Audit of FY14 Financial Statement (Balance Remaining on Contract \$1,680)	1,700.00
18		Cafeteria Plan: Uninsured Medical Reimbursement	260.00
19	Geraldi, Gus & Mary Jane	Novato "Washer Rebate" Program	50.00
20	Global Water	Replacement Humidity Sensor (STP Weather Station)	530.21
21	Golden Gate Petroleum	Gas (\$3.54/gal) & Diesel (\$3.70/gal)	3,006.12
22		Vision & Cafeteria Plan: Uninsured Medical Reimbursement	419.96
23	Hochstetler, Mark	Novato "Hot Water Recirculation System" Rebate Program	75.00
24	Home Depot	18V Batteries (6) (\$389), Knife, Knife Blades (50), 25' Measuring Tapes (4), PVC Solvent (20) (\$114), Buckets (4) & Hand Trowel	600.82
25	InfoSend	Sept Water Bill Processing (\$1,506), Postage (\$4,296) & Envelopes "Drought On - Turn the Water Off" (20,000) (\$675)	6,477.47
26	Johnson, Gina	Novato "Toilet Rebate" Program	100.00
27		Vision Reimbursement	194.00
28	Liebig, Velda	Novato "Water Smart Landscape Efficiency"	100.00
29	Lincoln Life	Deferred Compensation PPE 10/31/14	12,836.42
30	Lombardi, Cheryl	Novato "Washer Rebate" Program	50.00
31	Maltby Electric	Generator Connection Plugs (3)	1,694.11
32	McLellan, WK	Concrete Work (16 S.F.)	592.00
33	Drew McIntyre	Exp Reimb: AWWA Conference in Reno. Lodging (\$413), Transportation (\$19) & Food (\$79)	510.23
34	Micro Technology	Certification of Exhaust/Fume Hoods (Lab)	270.63
35	Moran, Anne	Novato "Cash for Grass" Program	400.00
36	Nationwide Retirement Solution	Deferred Compensation PPE 10/31/14	1,025.00

Seq	Payable To	For	Amount
37	Neopost	Quarterly Postage Meter Rental (11/1-1/15/15)	234.34
38	Novato, City of	Street Moratorium Fee (27 & 31 Aaron)	1,000.00
39	Novato Lock	Construction Keys (4)	34.66
40	Pace Supply	2-2 1/2" Hydrant (\$1,861), 3 1/2" Bolts (400) (\$1,110), Fire Check Assembly (\$2,110), Silent Check Valves (3) (\$346), Ball Valves (8) (\$128), Box Lids (3) (\$197), Bushings (2) & Meter Stops (20) (\$737)	6,494.06
41	Parkinson Accounting Systems	September Accounting Support	633.75
42	Ramudo, Pablo	Exp Reimb: SWRCB Workshop in Sacramento on 10/21/14. Mileage (\$87) & Parking (\$15)	102.36
43	Randall Bros. Automotive	Smog Test ('05 Ford Ranger & '03 Dodge Dakota)	80.00
44	Schwerin, Ilene	Novato "Pool Cover Rebate" Program	50.00
45	Scott Technology Group	Kodak Scanner	3,482.55
46	Shoemaker Structural	Welding Services	480.00
47	Sonoma County Water Agency	September Contract Water	643,165.25
48	SPG Solar	Energy Delivered Under Solar Services Agreement (9/1-9/30/14)	11,716.82
49	State Treasurer's Office	LAIF Conference Registration for 11/18/14 in Sacramento (Nancy Holton)	100.00
50	Tamagno Green Products	Sludge Removal (39 yds)	780.00
51	Township Building Services	Sept Janitorial Services	1,588.84
52	U.S. Bank Card	UV Disinfection Light Bulbs (4) (\$32) (Lab), Standard Methods Subscription (\$295) (9/14-10/15) (Lab), PC Monitor (\$151) (Stompe), Level Book (Arendell) (\$135), Reg & Conf Fee for ACWA (12/2-12/5) (\$695) (Bentley), Water Pipe Test Equipment (\$171), Steel Drop Box (Lobby) (\$45), Expenses for Water Smart Conference in Las Vegas: Lodging (\$84), Airfare (\$672), Food (\$32), Cab Fare (\$35) (DeGabriele) (\$406 Reimb by Employee), Parking (\$4) & Food for City Manager Meeting (\$105)	2,456.59

Seq	Payable To	For	Amount
53	Verizon California	Telephone Charges: Emergency Listing & Leased Lines	360.69
54	Ward, Charles	Novato "Cash for Grass" Program	215.00
55	Webster, Monique	Novato "Toilet Rebate" Program	100.00
<b>TOTAL DISBURSEMENTS</b>			<b><u>\$828,488.11</u></b>

The foregoing payroll and accounts payable vouchers totaling \$828,488.11 are hereby approved and authorized for payment.



10/28/14  
 Auditor-Controller Date


10/28/2014  
 General Manager Date

## MEMORANDUM

To: Board of Directors

October 31, 2014

From: Dianne Landeros, Accounting/HR Supervisor 

Subj: Information – Preparation: FY14 vs FY04 Annual Audit Report  
t:\finance\memos\bod ten year history annual audit report.docx

**RECOMMENDED ACTION:** Information Only

**FINANCIAL IMPACT:** None

At the October 21, 2014 Board meeting, Director Rodoni expressed an interest in the difference between preparing the annual audit report today versus ten years ago.

In 2004, the accountant staff totaled 1.7 FTE. With a part-time staff, we were able to reconcile only one-third to one-half of the general ledger accounts. The audit report itself was 30 pages and did not qualify for the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting award.

In 2014, the accountant staff totals 3.0 FTE, adding 52 hours per week. We are now required to reconcile all general ledger accounts, plus provide some roll forward (asset balance beginning of year, additions, deletions, ending balance) and other analyses for the auditors per their request. The report is now 66 pages and qualifies for the GFOA award. The 2014 report includes an organization chart, District boundary map, letter of transmittal from management, 19 Notes (versus 10 in 2004), Schedules of Funding Status (pension plan and retiree health benefits), a Statistical Section, and a Report on Internal Controls and Compliance.

County Clerk of  
September 24, 2014.  
Deputy. Published  
light October 16,  
2014.

**Name State-**  
15. The following  
business as: AVO,  
etaluma Rd.,  
This business is  
individual: Robert O  
t Reyes Petaluma  
946. This state-  
the County Clerk  
September 24,  
chez, Deputy.  
t Reyes Light  
November 6, 2014.

**Name State-**  
15. The following  
business as: einzigly,  
fax, CA 94950.  
lucted by an  
er Martin, 2000  
14, San Francisco,  
ment was filed  
rk of Marin  
er 24, 2014.  
Deputy. Published  
ght October 16,  
2014.

**Name State-**  
135776. The  
s (are) business  
ed Program, 504  
210, Novato, CA  
is conducted  
nerican Ratings  
dwood Blvd.,  
\ 94947. This  
with the County  
ty on October  
bbidge, Deputy.  
t Reyes Light  
November 6, 2014.

**Name State-**  
135728. The  
s (are) business as:  
ns Dr., Kentfield,  
ness is conducted  
abeth Troffer, 75  
I, CA 94904. 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 23, 30, November 6, 13, 2014.

**Fictitious Business Name State-**  
ment. File No. 135735. The following  
person(s) is (are) business as: Patina,  
149 Shelley Dr., Mill Valley, CA 94941.  
This business is conducted by an  
individual: Bryce E. Kirk, 409 H St.,  
Petaluma, CA 94952. This statement  
was filed with the County Clerk of  
Marin County on September 25, 2014,  
signed, J. Mannion, Deputy. Published  
in the Point Reyes Light October 23,  
30, November 6, 13, 2014.

**Fictitious Business Name State-**  
ment. File No. 135816. The following  
person(s) is (are) business as: Barker &  
7 Mt. Lassen Dr., #B154, San Rafael,  
CA 94903. This business is conducted  
by an individual: Terry Barker, 7 Mt.,  
Lassen Dr., #B154, San Rafael, CA  
94903. This statement was filed with  
the County Clerk of Marin County on  
October 8, 2014, signed, C. Sanchez,  
Deputy. Published in the Point Reyes  
Light October 23, 30, November 6,  
13, 2014.

**Fictitious Business Name State-**  
ment. File No. 2014135782. The  
following person(s) is (are) business  
as: You Are One, 1570 Fourth St.,  
San Rafael, CA 94901. This business  
is conducted by an individual: Lison  
Felix, 845 Las Gallinas Ave., Apt #1,  
San Rafael, CA 94903. This statement  
was filed with the County Clerk of  
Marin County on October 2, 2014,  
signed, J. Mannion, Deputy. Published  
in the Point Reyes Light October 23,  
30, November 6, 13, 2014.

**Fictitious Business Name State-**  
ment. File No. 2014135747. The  
following person(s) is (are) business as:  
Wireless Pros, 61 Gregg Pl., Novato,  
CA 94949. This business is conducted  
by an individual: William P. Taylor, 61  
Gregg Pl., Novato, CA 94949. This  
statement was filed with the County  
Clerk of Marin County on Septem-

ber 26, 2014, signed, C. Babbidge,  
Deputy. Published in the Point Reyes  
Light October 23, 30, November 6,  
13, 2014.

**Fictitious Business Name State-**  
ment. File No. 135844. The following  
person(s) is (are) business as: Garde-  
nia Florist, 1203 4th St., San Rafael,  
CA 94901. This business is conducted  
by an individual: Nora Momtazi, 21  
Mariele Dr., Fairfax, CA 94930. This  
statement was filed with the County  
Clerk of Marin County on October  
13, 2014, signed, J. Mannion, Deputy.  
Published in the Point Reyes Light  
October 23, 30, November 6, 13, 2014.

**NOTICE OF PUBLIC HEARING**  
NOTICE IS HEREBY GIVEN that  
the Board of Supervisors of the Marin  
County Flood Control and Water  
Conservation District will hold a public  
hearing to consider the adoption of  
a Resolution calling for an election to  
impose a special tax to be levied for a  
duration of 20 years upon parcels lo-

cated within Flood Control Zone No.  
5 for the purpose of reducing riverine  
flooding risk for residents, visitors, and  
businesses; maintaining natural creek  
functions; reducing sediment entering  
Bolinas Lagoon; and incorporating  
habitat enhancements for fish and  
wildlife.

**NOTICE IS FURTHER GIVEN**  
that said hearing will be held during  
the regular meeting of the Board of  
Supervisors on Tuesday, November  
4, 2014, at 10:00 a.m. or as soon  
thereafter as the matter may be heard  
in the Board of Supervisors Chambers  
(Room 330), Administration Building,  
Civic Center, San Rafael, California.  
Any interested person may appear  
and be heard by submitting either an  
oral or written presentation at this time.  
**MATTHEW H. HYMEL**  
Clerk of the Board,  
Published in the Point Reyes Light  
October 23, 30, 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
10/21/14	340	77	mg/L
10/14/14	150	60	mg/L

\*milligrams per liter

Chris DeGabriele, General Manager  
North Marin Water District

Salinity  
Notice  
Pt. Reyes  
Light  
10/23/14

October 23, 2014 POINT REYES LIGHT





**NORTH MARIN  
WATER DISTRICT**

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

**PHONE**  
415.897.4133

**FAX**  
415.892.8043

**EMAIL**  
info@nmwd.com

**WEB**  
www.nmwd.com

October 27, 2014

Brian Swedberg,  
Harbormaster, Port Sonoma Marina  
270 Sears Point Road  
Petaluma, CA 94954

Re: Temporary Water Service Port Sonoma Marin  
NMWD Job File: Port Sonoma

Dear Mr. Swedberg:

Per District Regulation 5a, temporary water service is only applicable for a limited period of time. When renewed in 2012, I discussed the need to terminate any future Temporary Water Service Agreements for Port Sonoma in keeping with the intent of Regulation 5.

The current three year Temporary Agreement terminates on December 31, 2014. Accordingly, the District will terminate water service to the subject property on this date.

If you have any further questions please contact Terrie Kehoe, Engineering Services Representative at (415) 761-8935.

Sincerely,

Drew McIntyre  
Chief Engineer

Cc: Berg Holdings  
2330 Marinship Way  
Sausalito, CA 94965

DM: tk

z:\folders by job no\2000 jobs\2095\2095 temporary agreement expired.doc

## PG&E plan may reduce water flowing into Lake Mendocino

BY MARY CALLAHAN THE PRESS DEMOCRAT on October 17, 2014, 2:13PM 10/17/2014

A plan by PG&E to temporarily shut down a powerhouse that feeds water from the Eel River to the Russian River may cut into consumer supplies this winter by further reducing the amount of water coming into Lake Mendocino.

Already, the reservoir, the second-largest on the Russian River and the main surface supply for residents and agricultural users north from Healdsburg to the Ukiah Valley, is at historically low levels. Parched by more than three years of drought, it currently sits at just more than 33 percent of normal.

Water managers say that supply could be further strained by PG&E's proposal to unplug its Potter Valley Powerhouse for 3½ months to replace two massive valves in the penstocks and make additional repairs to keep the powerhouse operational.

PG&E says the repairs are needed to prevent the aging facility from breaking down.

But depending on the kind of rainfall the region experiences this season, the impact of PG&E's plans on the local water supply could be "pretty significant," said Pam Jeane, assistant general manager of the Sonoma County Water Agency.

As much as 70 or 80 percent of the normal actual diversions are at stake — upwards of 25,000 acre feet over the course of the repair period, according to Water Agency personnel. That's almost as much water as is currently held in Lake Mendocino, or close to half of the nearly 55,000 acre feet the Water Agency delivered last year to its 600,000 customers in Sonoma and northern Marin counties, though that supply comes from a variety of sources, including the much larger Lake Sonoma.

Federal regulators hold authority to approve the shutdown and are expected to do so, pending a 30-day comment period underway.

But the power company has pledged to maintain minimum diversions to ensure some continued boost of wintertime flows through the Russian River's East Fork and on to Lake Mendocino.

It would use a dry creek channel near the powerhouse to divert at least 20 cubic feet per second into the Russian River, though PG&E says it hopes it will be closer to 23 cfs. That's actually more than the average amount of water put through the plant last winter because of severe dry weather after December, said Alvin Thoma, director of power generation and hydropower licensing for PG&E.

"But it is still substantially less than would flow during this time period if we were not doing the work," he said.

Decent rainfall in the Russian River watershed would be enough to fill Lake Mendocino and ensure sufficient water supply next year even without supplementation from the Eel River, water managers say. Abundant rain would potentially force releases from Lake Mendocino for flood control purposes anyway, nullifying any water supply impact from the Potter Valley work.

“We tried to time it in a way that we thought would have the least impact for those considerations,” he said.

Jeane and other Water Agency personnel, who were only alerted to the plan a month ago, said it would have been helpful to know earlier, in order to better manage supplies.

“It may or may not have impacts,” Seymour said. “It just depends on what’s going to happen this year with rainfall.”

You can reach Staff Writer Mary Callahan at 521-5249 or [mary.callahan@pressdemocrat.com](mailto:mary.callahan@pressdemocrat.com).

**Katie Young**

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**To:** Drew McIntyre  
**Subject:** RE: North Bay Water Reuse Board Supports Prop. 1 Water Bond - NBWRP 10/27/14



**North Bay Water Reuse Board Supports Prop. 1 Water Bond**  
**Statewide Measure Includes \$725 million for Water Recycling and Desalination**

(NOVATO, CA) — The Board of Directors of the North Bay Water Reuse Authority (NBWRA) today unanimously approved a resolution in support of Proposition 1, the statewide measure on the Nov. 4 ballot that would provide \$7.5 billion for water supply projects including surface and groundwater storage, ecosystem and watershed protection and drinking water protection.

Of particular interest to the North Bay Water Reuse Program (NBWRP) is the inclusion of \$750 million in Prop. 1 for recycled water projects and other activities. The North Bay Water Reuse Program is a regional program in the three North Bay counties of Napa, Sonoma and Marin that provides high-quality recycled water for traditional urban uses, premium wine grape production and restoration of tidal wetlands and wildlife habitat.

“Our board strongly supports Proposition 1 because it’s a comprehensive state water plan that will support our economy and our environment and provide a reliable water supply,” said Sonoma County Supervisor David Rabbitt, chair of the NBWRA. “It also supports the type of program we have been building in the North Bay that uses a regional approach to help solve our water supply problems with recycled water.”

Phase 1 of the NBWRP is currently under construction with six recycled water distribution projects, which when complete will provide 3,750 AFY for irrigation in the North San Pablo Bay region. In addition to irrigation uses, the Napa-Sonoma Salt Marsh project will receive up to 1,700 AFY for habitat restoration. (An acre-foot of water is 325,851 gallons.) Phase 2 of the NBWRP is in the planning stages and when fully implemented, will yield 25,300 AFY of recycled water, for a Program total of 30,750 AFY.

“It’s important for us to support Prop. 1 because our program’s objectives are consistent with the measure’s intent,” said Bill Long, NBWRA vice chair and a member of the Novato Sanitary District Board of Directors. “We’ve take a regional approach to protect water quality, provide new water supply, treatment and storage projects. Prop. 1 will continue to support all those areas.”

As a coalition of local agencies, the NBWRA has been active in the promotion of water reuse at the state level and was involved in the efforts by recycled water advocates to have funding for water reuse projects included in Prop. 1.

"We have always tried to look at the big picture when it comes to water supply and water reuse," said Napa County Supervisor Keith Caldwell, a past chair and board member of the NBWRA, the program's governing board. "Prop. 1 provides a statewide approach to solving our state's critical water shortages. We're not just concerned with the current drought. Water reuse, groundwater protection and all the things Prop. 1 addresses, these are all long-term issues we need to take action on now."

By approving the Prop. 1 resolution, the NBWRA joins several of its member agencies' boards in supporting the statewide water bond. Resolutions of support for Prop. 1 have been approved by the Sonoma County Board of Supervisors (which serves as the board for the Sonoma County Water Agency), the Marin County Board of Supervisors and the Napa Sanitation District Board of Directors.

The NBWRP is a coordinated, regional effort to offset potable water demand by promoting water reuse for agriculture, urban use and environmental protection. It is comprised of 10 public agencies in Marin, Sonoma and Napa counties. Its members currently include: Las Gallinas Valley Sanitary District, North Marin Water District, Marin Municipal Water District, Novato Sanitary District, City of Petaluma, Sonoma Valley County Sanitation District, Napa Sanitation District, Sonoma County Water Agency and Napa and Marin Counties.

For more information about the North Bay Water Reuse Authority, visit the website at <http://www.nbwra.org/>  
E-mail: [info@nbwra.org](mailto:info@nbwra.org), or call (707) 235-8965.

Contact: **David Rabbitt**, NBWRA Chair  
Sonoma County Supervisor  
(707) 565-2241

**Keith Caldwell**, NBWRA Director  
Napa County Supervisor  
(707) 319-7374

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#### News Update



707.836.0300

You received this email because your address has been entered into a distribution list of individuals who are interested in updates regarding new water supply options.

## Bay Club acquires StoneTree

By Joe Wolfcale | Posted: Thursday, October 30, 2014 5:51 pm

Those within the golf industry say it was only a matter of time before StoneTree in Novato became a private country club.

The Bay Club Co., made it official earlier this month, acquiring the 132-acre property located east of Novato on Highway 37. The Bay Club changed hands in June as the company joined forces with York Capital Management. Terms of the StoneTree deal were not disclosed.

The Bay Club already has an extensive footprint in Marin County with the 60,000 square foot athletic facility in Corte Madera and a 2.6-acre swim and tennis club in Kentfield.

The acquisition plan calls for up to \$10 million in renovations to the Novato property, including tennis courts, a driving range and swimming pool. It will be called Bay Club StoneTree.

“This is just the beginning,” President and CEO Matthew Stevens said. “We are creating resorts without room keys that focus on four categories: Fitness, Sports and Recreation, Family and Kids, and Hospitality. With this acquisition, Bay Club strengthens its position as the market leader at providing the best member experience across these categories.”

Bay Club officials declined to say what a membership would cost, but added there would be a five-tier plan available, according to Executive Vice President of Marketing, Annie Appel.

Country club initiation fees in the Bay Area range from \$10,000 to upwards of \$50,000. Appel said existing memberships at StoneTree would be able to find a desirable plan.

“We’ve had good dialogue with those groups,” Appel said. “We’re selling Bay Club memberships now. We’ve been hosting open houses and member events at the club.

“We want to make it a social and family destination as well as keeping it a great golf course.”

Built in 2000 by architect Johnny Miller, the 18-hole course was 6,810 yards long, was rated 72.7 and had a slope rating of 137. It was difficult for the average golfer and was links style.



### Bay Club acquires StoneTree

Country club appeal is what the new owners of StoneTree Golf Club off Highway 37 want to create. The plan calls for a \$10 million investment on the golf site.

The back nine was especially picturesque while most of the holes visible from the roadway were unimaginative. Drawbacks were lack of a practice facility and the price, which could run up to more than \$100 on weekends.

The course featured magnificent views of Mt. Tamalpais, Mt. Burdell and the Coastal Range. Its 20,000 square-foot clubhouse — reminiscent of a California craftsman country estate — was a popular wedding destination.

Bay Club also announced that David Ezzo, former director of operations at Cavallo Point Lodge in Sausalito, has been named general manager and Leanne Kamekona was named executive chef.

The Bay Club features six campuses throughout California and employs 2,500 people. It is headquartered in San Francisco.

For more information, visit [bayclubs.com](http://bayclubs.com).

Contact Joe Wolfcale at [jwolfcale@marinscope.com](mailto:jwolfcale@marinscope.com).