



NORTH MARIN WATER DISTRICT
AGENDA - REGULAR MEETING
 November 5, 2013 – 7:30 p.m.
 District Headquarters
 999 Rush Creek Place
 Novato, California

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Est. Time	Item	Subject
7:30 p.m.	CALL TO ORDER	
	1. SPECIAL RECOGNITION	
	2. APPROVE MINUTES FROM REGULAR MEETING , October 15, 2013	
	3. GENERAL MANAGER'S REPORT	
	4. OPEN TIME: (Please observe a three-minute time limit)	
	This section of the agenda is provided so that the public may express comments on any issues not listed on the agenda that are of interest to the public and within the jurisdiction of the North Marin Water District. When comments are made about matters not on the agenda, Board members can ask questions for clarification, respond to statements or questions from members of the public, refer a matter to staff, or direct staff to place a matter of business on a future agenda. The public may also express comments on agenda items at the time of Board consideration.	
	5. STAFF/DIRECTORS REPORTS	
	6. PUBLIC HEARING: Policy #13 – Board Compensation and Procedure	Ordinance
	7. QUARTERLY FINANCIAL STATEMENT	
	CONSENT CALENDAR	
	The General Manager has reviewed the following items. To his knowledge, there is no opposition to the action. The items can be acted on in one consolidated motion as recommended or may be removed from the Consent Calendar and separately considered at the request of any person.	
	8. Consent – Approve Auditor – Controller's Statement of Investment Policy	
	9. Consent – Approve Outside Auditor's 2013 Report & Management Letter	
	10. Consent – Approve Village Marin Masters Association Agreement Extension	
	ACTION CALENDAR	
	11. Approve: CSW/ST2 Contract Amendment - AEEP	
	12. Approve: Dutra Haystack Landing Water Facilities	
	INFORMATION ITEMS	
	13. Quarterly Progress Report - Engineering Department	
	14. Water Conservation Quarterly Update (July-September 2013)	

All times are approximate and for reference only.

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

(Continued)

Est. Time	Item	Subject
	15.	Draft Annual Report
	16.	Board Review of District Policies- 9 – Purchasing Policy 12 – Attorney’s Attendance
	17.	NBWA Meeting – November 1, 2013
	18.	WAC/TAC Meeting – November 4, 2013
	19.	MISCELLANEOUS Disbursements FY14 1 st Quarter Labor Cost Report SCWA Press Release- U.S. House of Representatives Approves Water Resources Bill that Directly Impacts Russian River Water Supply System House Passes WRRDA Bill <u>News Articles:</u> Another Voice – Water in the Ukiah Valley – A Community Conversation Dry Creek Pomo seek hotel for Petaluma land Young, endangered Coho salmon seen in Walker Creek for the first time in five years Marin’s Stafford Lake bike park fund tops \$290,000 with Mill Valley firm’s donation Sonoma Marin Partnership Wins EPA WaterSense Excellence Award
	20.	CLOSED SESSION: Conference with Real Property Negotiator (Chris DeGabriele) regarding terms of Intertie Agreement between North Marin Water District and Marin Municipal Water District (Government Code Section 54956.8)
	21.	CLOSED SESSION: In accordance with California Government Code Section 54957 for Public Employee Performance Evaluation (One), Title: General Manager.
9:30 p.m.	22.	ADJOURNMENT

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DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
October 15, 2013

6 **CALL TO ORDER**

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

12 Paul Kaymark (Charles Z. Fedak & Company), District employees Dianne Landeros
13 (HR/Accounting Supervisor), Robert Clark (Operations/Maintenance Superintendent) and Doug
14 Moore (Construction/Maintenance Superintendent) were in the audience.

15 **MINUTES**

16 On motion of Director Baker, seconded by Director Schoonover and unanimously carried the
17 Board approved the minutes from the previous meeting as presented.

18 **GENERAL MANAGER'S REPORT**

19 **LAFCO**

20 Mr. DeGabriele informed the Board that the new LAFCO Executive Director has requested
21 an introductory meeting.

22 **Petaluma South Corridor**

23 Mr. DeGabriele advised the Board that next week Drew McIntyre and he are meeting with
24 the City of Petaluma to discuss the Petaluma Boulevard South water service.

25 **Dry Creek Habitat Enhancement Tour**

26 Mr. DeGabriele informed the Board that the Sonoma County Water Agency is planning a
27 tour of Dry Creek Habitat Enhancements scheduled for mid-November which will showcase
28 improvements that were completed this summer.

29 **OPEN TIME**

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

1 **STAFF / DIRECTORS' REPORTS**

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

4 Director Rodoni informed the Board and staff that he attended a meeting with Novato Mayor
5 Pat Eklund and Novato Sanitary District Board members, Bill Long and Mike DiGiorgio to discuss
6 affordable housing in Novato and consider reducing fees for accessory dwelling units. He stated that
7 the Mayor would like to see reduced fees for accessory dwelling units by 25%. Director Rodoni
8 stated that he recommended the City should look into deed restricting on the properties for
9 affordable housing, limiting one accessory dwelling unit per parcel and potentially considering an
10 amnesty program. He informed the Board that it was a good meeting and that the Board should
11 consider the meeting Novato's official "ask" to reduce fees. He suggested bringing the issue back to
12 a future agenda for discussion.

13 **MONTHLY PROGRESS REPORT**

14 Mr. DeGabriele provided the Board with the September Monthly Progress Report. He stated
15 that water production in Novato and West Marin was pretty much on par with last year and that year
16 to date, Novato production is down 5% and West Marin is down 3%. Mr. DeGabriele advised the
17 Board that Stafford Treatment Plant production for the month of September was down significantly
18 compared to last year due to taste and odor problems requiring the plant to shut down, yet the
19 treatment plant is on schedule to produce its budgeted volume for the fiscal year. He noted that
20 Recycled Water production continues to be over two times last year's production volume. Mr.
21 DeGabriele reviewed the Summary of Complaints and Service Orders which shows complaints are
22 down for the month, as they are for the fiscal year to date significantly. He stated that the Customer
23 Service Questionnaires had good feedback, although out of 182 distributed, only 22 were returned.

24 David Bentley presented the Monthly Report of Investments for September 2013, showing
25 the District's investment portfolio has a balance of \$15.3M. He stated that \$6.3M is the loan from
26 Bank of Marin for the Aqueduct Energy Efficiency Project. He noted that the portfolio is earning a
27 total of 0.34% interest.

28 **CONSENT CALENDAR**

29 On the motion of Director Petterle, seconded by Director Rodoni and unanimously carried,
30 the following item was approved on the consent calendar:

1 **TEXT FOR FALL WATER LINE, VOLUME 14, ISSUE 30**

2 The Board was provided with the draft text for the Fall 2013 Novato "WaterLine", Volume 14,
3 Issue 30 to review. The newsletter is expected to be mailed in early November 2013. The Board had
4 no comments on the newsletter and authorized the General Manager to approve the final text and
5 design of the Fall 2013 Novato "WaterLine", Volume 14, Issue 30.

6 **ACTION CALENDAR**

7 **NOTICE OF HEARING TO CONSIDER PROPOSED ORDINANCE AUTHORIZING REVISION TO**
8 **POLICY #13 – BOARD OF DIRECTORS' COMPENSATION PROCEDURE**

9 Mr. DeGabriele advised the Board that he received comments from Directors Baker and
10 Rodoni on options for a revision to Policy #13 – Board of Directors' Compensation Procedure. He
11 stated that option 1 would be to increase the compensation to \$200 per meeting and each year
12 thereafter increase that amount by the change in the San Francisco Bay Area Consumers Price
13 Index (CPI), not to exceed 5%. He said option 2 would be to increase the compensation to \$125 and
14 then by \$25 for the next three years and along with an annual CPI adjustment. Mr. DeGabriele noted
15 that both options are in accordance with the California Water Code and District's legal counsel has
16 reviewed both options. He noted that the last time Board compensation was increased was in 1982.
17 Mr. DeGabriele asked the Board to choose an option and decide on a public hearing date. He stated
18 once the date and time are chosen, the District will notice the public hearing for two successive
19 weeks and once the public hearing is held and an ordinance approving the policy will be effective 60
20 days after approval.

21 Director Petterle asked if there would be other options available. Mr. DeGabriele stated that
22 the options could be modified but that the Board should come to some agreement tonight as to what
23 should be noticed in the newspaper for the public hearing.

24 Director Rodoni stated that he likes option 2 and that he has already received a call from a
25 reporter regarding this issue.

26 President Fraites stated that in 31 years there hasn't been a raise in Director compensation
27 and he prefers to see the Board compensation at \$200.

28 On motion of Director Baker, seconded by Director Fraites and approved by the following
29 vote, the Board selected option 1, increasing director compensation to \$200 per meeting and
30 thereafter increasing annually by the change in CPI.

31 AYES: Directors Baker, Fraites, Schoonover

32 NOES: Directors Petterle, Rodoni

1 ABSENT: None

2 ABSTAIN: None

3 On motion of Director Rodoni, seconded by Director Baker and unanimously carried, the
4 Board set November 5, 2013 at 7:30 p.m. as the date and time for a public hearing to consider an
5 Ordinance to revise Policy #13 – Directors’ Compensation and Procedure.

6 **DATE OF SPECIAL MEETING – PLANNING WORKSHOP**

7 Mr. DeGabriele informed the Board that every two years Board has held a planning
8 workshop to look at the direction the District is moving. He advised the Board that there were two
9 options available in January 2014 to hold a special meeting, either January 14th or January 28th.

10 On motion of Director Petterle, seconded by Director Schoonover and unanimously carried,
11 the Board selected January 14, 2013 for the Planning Workshop, Special Meeting from 6 – 8 p.m.

12 **RENTAL AGREEMENT – 15 GUSTAFSON COURT RESIDENCE**

13 Mr. Bentley advised the Board that the District is now the owner of record for the property at
14 15 Gustafson Ct. and would like to offer employees the chance to rent the residence. He stated that
15 he performed a short market survey and believes \$2,150 per month is a fair rental amount for the
16 property. He informed the Board that staff is doing some clean up now and would like the
17 authorization from the Board to solicit employee interest.

18 Director Baker stated that he believes the employee should be one that is available for on-
19 call hours and is able to go out and fix a leak. Mr. DeGabriele stated that it is always the intent to do
20 just that.

21 On motion of Director Schoonover, seconded by Director Rodoni and unanimously carried,
22 the Board authorized the General Manager to solicit employee interest in renting the 15 Gustafson
23 Ct. residence, select an employee and enter into a month-to-month rental agreement.

24 **INFORMATION ITEMS**

25 **REVIEW OF OUTSIDE AUDIT REPORT**

26 Mr. Paul Kaymark distributed a summary of the 2013 Financial Audit and described the audit
27 process and reviewed the financial highlights. He encouraged the Board to ask questions during his
28 presentation. Mr. Kaymark informed the Board, during his financial highlights presentation, that the
29 District’s financial reporting has received an unmodified “clean” opinion resulting from the audit.

1 Mr. Kaymark informed the Board that the Novato Water System Balance Sheet shows that
2 fund has over \$92.9M in overall assets at the end of FY13; he said that there is \$25.7M in liabilities,
3 net investment in capital assets of \$54.2M, and \$9.1M in spendable reserves.

4 Mr. Kaymark noted that the Unrestricted Net Assets page shows that the District's \$1.9M in
5 non-spendable assets are comprised of materials and supplies inventory, prepaid expenses, and
6 notes receivable for employee housing loans. He then discussed the Statement of Revenue &
7 Expenses, stating that the total FY13 operating revenue was \$16.9M and total operating
8 expenditures before depreciation totaled \$12.3M, resulting in a \$4.6M operating income. He stated
9 that the operating income was adequate to cover depreciation expense, allowing the District to put
10 \$2.4M back into capital recovery.

11 Mr. Kaymark noted that the District's Variable Revenue Coverage has gone from \$1.5M last
12 year to \$2.8M this year.

13 Mr. Kaymark provided the Board with information on GASB No. 68 regarding accounting and
14 financial reporting for pensions which will become effective in FY2015. He stated that the primary
15 objective of Statement No. 68 is to improve accounting and financial reporting by state and local
16 governments for pensions. He noted that it also improves information provided by state and local
17 governmental employers about financial support for pensions that is provided by other entities.

18 Mr. DeGabriele asked Mr. Kaymark for his opinion on "rate increase holidays." Mr. Kaymark
19 responded that costs continue to increase and the District has to pay for those increases and retain
20 adequate reserves. Mr. Kaymark applauded the Board for raising rates and controlling costs to turn
21 around the financial position of the District.

22 Mr. Bentley asked that any comments the Board may have be given to Mr. DeGabriele by
23 Friday, October 18th, with hopes of presenting the final report and receiving approval at the next
24 Board meeting.

25 The Board thanked Mr. Kaymark and District accounting staff including, David Bentley,
26 Dianne Landeros, Nancy Holton and Nancy Williamson for their job well done. Mr. Kaymark and
27 Mrs. Landeros left the meeting.

28 **STP SOLAR POWER FACILITY – 1ST YEAR STATUS REPORT**

29 David Bentley updated the Board on the first year status of the Stafford Treatment Plant
30 solar power project. He informed the Board that by selling surplus power back to PG&E during the
31 peak summer demand period, the District was able to reduce its average power cost and save
32 \$12K. He noted that the project commenced on August 9, 2012 and produced significantly more

1 power than estimated for the first year of operation. Mr. Bentley stated that there were no outages
2 and maintenance issues during the first year of operations other than during the system startup
3 when SPG Solar was required to take the system off-line for 27 days while awaiting a PG&E
4 operational permit.

5 **MIRABEL INFLATABLE DAM OPERATION PRESENTATION**

6 Mr. DeGabriele provided the Board with a presentation on the Mirabel Inflatable Dam
7 Operation that was given by Sonoma County Water Agency Staff at the Water Advisory Committee
8 meeting this past August. He stated that SCWA had revised their operation to raise the dam in light
9 of reduced flows on the Russian River this spring and summer. Mr. DeGabriele stated that the
10 revised operation was extremely successful.

11 **TAC MEETING – OCTOBER 7, 2013**

12 Mr. DeGabriele informed the Board that Lake Mendocino continues to be above the critical
13 storage curve and that there are 16 days left in the Temporary Urgency Change Order period. He
14 advised the Board that the estuary sand bar was breached on the Russian River and that, 68
15 Chinook salmon had come up the river and been videoed at the Mirabel Dam. Mr. DeGabriele noted
16 that the Water Agency and Water Contractors are going to continue to meet through the winter as
17 there is no prediction of what next year rainfall will be and everyone would like to avoid mandatory
18 water restrictions from the State Water Resource Control Board.

19 **MISCELLANEOUS**

20 The Board received the following miscellaneous information: Disbursements, Self-Insured
21 Workers' Comp – 1st Quarter Status Report, Sonoma Marin Saving Water Partnership Wins 2013
22 EPA WaterSense Excellence Award, and LAFCO Selection of Alternate Special District Member.

23 The Board also received the following news articles: Mailbag: What will Marin/Sonoma
24 Narrows look like?, Latest rainfall and water use, and Jury trial underway on JM Eagle whistle-
25 blower lawsuit.

26 Mr. DeGabriele informed the Board that Director Baker has been selected as the Alternate
27 Special District Member for LAFCO and that the Sonoma Marin Saving Water Partnership received
28 the EPA Watersense Excellence award, one of only five awarded nationally.

1 **ADJOURNMENT**

2 President Fraites adjourned the meeting at 8:56 p.m.

3 Submitted by

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Katie Young

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District Secretary

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MEMORANDUM

To: Board of Directors

November 1, 2013

From: Chris DeGabriele, General Manager *CD*

Subject: Public Hearing – Policy #13 – Directors' Compensation and Procedure
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RECOMMENDED ACTION:

1. Hold a public hearing to receive comments on the proposed Ordinance #27, revising District Policy #13 – Directors' Compensation and Procedure.
2. Adopt Ordinance #27 and approve the revised Policy #13.

FINANCIAL IMPACT: \$15,000 Annually (\$7,500 for the remainder of FY2013/14)

At the October 15th meeting, the Board, by split vote, decided on an option for revision to Policy #13, now shown in hi-light strike-out format on Attachment 1. At the meeting, the Board also set November 5, 2013 as the date for the public hearing to consider an Ordinance (Ordinance #27, Attachment 2) revising District Policy #13 – Directors' Compensation and Procedure.

Notice of the public hearing has been published in the Novato Advance, a newspaper of general circulation, for two successive weeks, on October 23 and October 30, 2013.

The proposed increase in director compensation, as reflected in the revised policy and in the Ordinance is consistent with the California Water Code section 20200 *et seq.* which limits the increase over current compensation (\$100 per day) to 5% per year for each calendar year following the operative date of the last adjustment.

Director compensation was last increased in 1982 to the current \$100 per meeting. The Auditor-Controller has performed a calculation showing that escalating \$100 in 1982 to 2013 using a 5% annual increase equals \$432. Using the change in the San Francisco Bay Area All Urban Consumers Price Index yields an escalation equal to \$242 (Attachment 3). The proposed policy revision will increase director compensation to \$200 per meeting.

District legal counsel has reviewed the proposed Ordinance and revised policy and finds them acceptable. The Board is requested to hold the public hearing and receive comment on the proposed increase. Upon completion of the public hearing, and should the Board adopt the Ordinance, said Ordinance and the revised policy would become effective 60 days from its adoption, or on January 6, 2014, if no valid voter protest is received.

RECOMMENDATION:

1. Hold a public hearing to receive comments on the proposed Ordinance #27, revising District Policy #13 – Directors' Compensation and Procedure.
2. Adopt Ordinance #27 and approve the revised Policy #13.

NORTH MARIN WATER DISTRICT

POLICY: ~~BOARD OF DIRECTORS'~~ COMPENSATION AND PROCEDURE

POLICY NUMBER: 13

Original Date: 2004

Revision Adopted: August 1, 2006

Each director shall receive compensation in a ~~standard~~ amount not to exceed ~~one-two~~ hundred dollars ~~hundred dollars~~ (\$~~100~~200) per day for each day's attendance at meetings of the Board or for each day's service rendered as a director by prior approval of the Board. Said standard amount shall be escalated annually on January 1st based upon the change in the San Francisco Bay Area Consumers Price Index for the prior 12 month period but no greater than 5% per year pursuant to the California Water Code Section 20200 *et seq.* ~~Such service shall include:~~ Examples of service rendered by a Director include, but are not limited to attendance at special Board meetings or committee/subcommittee meetings; attendance at workshops/seminars relevant to District activities; and attendance at meetings with other public entities where District interests are subject to consideration. Furthermore, ~~compensation~~ compensation for such service shall not exceed a total of six days in any calendar month and any Director shall have the option to decline compensation for attending any special meetings or other activities relevant to the District's interest.

When a Director is authorized by prior approval of the Board to attend a meeting out of the immediate area (beyond Marin or Sonoma Counties ~~a 100-mile radius from the NMWD service territory~~), the Director may request reimbursement of actual and necessary expenses for travel, meals, lodging and meeting registration, as applicable, along with in lieu of the standard \$100 amount per each days service ~~compensation~~ noted above.

Actual and necessary expenses shall remain within IRS Publication 463 guidelines, except that lodging for conferences or an organized educational activity shall not exceed the maximum group rate published by the conference or activity sponsor. Expenses shall be documented with receipts and attached to the submitted reimbursement voucher.

Procedure:

Compensation for meetings of the Board, including special meetings, will be presented on the first disbursement list of the ~~first meeting~~ of the month following the month of attendance, as is currently the practice.

Compensation for attendance at committee/subcommittee meetings or other meetings attended on behalf of the Board will only be authorized after that Board member has submitted a voucher with justification to the Auditor-Controller.

Voucher Format:

Revised: 2004, 08/06, 04/13

<t:\hr\policies\bod policies\old policies as of 2013\board compensation 2006.2.doc>

I attended the [describe meeting and purpose of attendance] on [date] and wish to be compensated as provided under the Board compensation policy.

/signature/ /date/

Vouchers must be submitted no later than ~~six~~eight calendar days prior to the ~~Board meeting~~month end for inclusion in the disbursement package and may be submitted electronically (email/facsimile).

ORDINANCE NO. 27

AN ORDINANCE OF NORTH MARIN WATER DISTRICT Revising District Policy No. 13 Directors' Compensation and Procedure

BE IT ORDAINED by the Board of Directors of North Marin Water District as follows:

Section 1. Purpose: The purpose of this ordinance is to revise District Policy No. 13 to set the compensation of Board Members. In 1982, the compensation of Board Members was set at \$100 for each day's service rendered as a director. This ordinance sets Board Member compensation so that it is coincident with state law pursuant to the provisions of the California Water Code section 20200 *et seq.* which enables the compensation to be increased by up to 5 percent for each calendar year following the operative date of the last adjustment.

Section 2. Revised North Marin Water District Policy No. 13: Directors' Compensation And Procedure

Policy:

Each director shall receive compensation in a standard amount not to exceed two hundred dollars (\$200) per day for each day's attendance at meetings of the Board, or for each day's service rendered as a director with prior approval of the Board. Said standard amount shall be escalated annually thereafter on each January 1st based upon the change in the San Francisco Bay Area Consumers Price Index for the prior 12 month period, but by no greater than 5% per year pursuant to California Water Code section 20200 *et seq.* Examples of service rendered by a Director include, but are not limited to, attendance at special Board meetings or committee/subcommittee meetings; attendance at workshops/seminars relevant to District activities; and attendance at meetings with other public entities where District interests are subject to consideration. Furthermore, compensation for such service shall not exceed a total of six days in any calendar month, and any Director shall have the option to decline compensation for attending any special meetings or other activities relevant to the District's interest.

When a Director is authorized by prior approval of the Board to attend a meeting out of the immediate area (beyond Marin or Sonoma Counties), the Director may request reimbursement of actual and necessary expenses for travel, meals, lodging, and meeting registration, as applicable, along with the standard amount for each days service.

Actual and necessary expenses shall be in accordance with within IRS Publication 463 guidelines, except that lodging for conferences or an organized educational activity shall not exceed the maximum group rate published by the conference or activity sponsor. All such expenses shall be documented with receipts and attached to the submitted reimbursement voucher.

Procedure:

Compensation for meetings of the Board, including special meetings, will be presented

on the first disbursement list of the month following the month of attendance.

Compensation for attendance at committee/subcommittee meetings or other meetings attended on behalf of the Board will only be authorized after that Board member has submitted a voucher with justification to the Auditor-Controller.

Voucher Format:

I attended the [describe meeting and purpose of attendance] on [date] and wish to be compensated as provided under the Board compensation policy.

/signature/ /date/

Vouchers must be submitted no later than six calendar days prior to month end for inclusion in the disbursement package and may be submitted electronically (email/facsimile).

Section 3. Effective Date: This ordinance, revising Policy No. 13 shall be effective 60 days after its adoption

I hereby certify that the foregoing is a true and complete copy of an ordinance duly and regularly adopted by the Board of Directors of North Marin Water District at a regular meeting thereof held on this 5th day of November, 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

President Rick Fraites
NMWD Board of Directors

(SEAL)

Attest:

Katie Young
District Secretary

Novato Advance

10/23/2013

Public Hearing
Notice # 1

**NORTH MARIN WATER
DISTRICT BOARD OF
DIRECTORS NOTICE OF
PUBLIC HEARING
CONSIDER A PROPOSED
ORDINANCE ADOPTING
REVISIONS TO DISTRICT
POLICY #13**

**BOARD OF DIRECTORS
COMPENSATION AND
PROCEDURE
NOTICE IS HEREBY
GIVEN**

that the Board of Directors of the North Marin Water District will hold a public hearing at the regularly scheduled meeting at 7:30pm on the 5th day of November, 2013 in the District's Board Room, 999 Rush Creek Place, Novato, California, to consider a proposed ordinance authorizing revisions to North Marin Water District Policy #13 — Board of Directors Compensation and Procedure, which would increase the compensation for Directors. Director compensation was last increased in 1982 to the current \$100 per day for each day's service rendered. The current California Water Code (Sections 20200 *et seq.*) authorizes the Board to increase this amount by 5% per year from that date. Escalating \$100 in 1982 to 2013 using a 5% annual increase would equal \$432. Escalation

using the change in the SF Bay Area Consumer Price Index over the same period equals \$242. The proposed revised policy will set the Board member compensation for each day's service at \$200, and this amount would be escalated annually beginning on January 1, 2015 based upon the change in the San Francisco Bay Area Consumers Price Index for the prior 12 month period, but no greater than 5% per year pursuant to the Water Code limitations. You are invited to submit comments regarding any aspect of this matter in writing or verbally at the public hearing. For further details, please contact District Secretary Katie Young, North Marin Water District, 999 Rush Creek Place, PO Box 146, Novato, CA 94948, phone (415) 897-4133. Publish Novato Advance 10/23 & 10/30 #22896

NORTH MARIN WATER DISTRICT BOARD OF DIRECTORS NOTICE OF PUBLIC HEARING CONSIDER A PROPOSED ORDINANCE ADOPTING POLICY #13 BOARD OF DIRECTORS COMPENSATION AND PROCEDURE

NOTICE IS HEREBY GIVEN

that the Board of Directors of the North Marin Water District will hold a public hearing at the regularly scheduled meeting at 7:30pm on the 5th day of November, 2013 in the District's Board Room, 999 Rush Creek Place, Novato, California, to consider a proposed ordinance authorizing revisions to North Marin Water District Policy #13 — Board of Directors Compensation and Procedure, which would increase the compensation for Directors.

Director compensation was last increased in 1982 to the current \$100 per day for each day's service rendered. The current California Water Code (Sections 20200 et seq.) authorizes the Board to increase this amount by 5% per year from that date. Escalating \$100 in 1982 to 2013 using a 5% annual increase would equal \$432. Escalation using the change in the SF Bay Area Consumer Price Index over the same period equals \$242. The proposed revised policy will set the Board member compensation for each day's service at \$200, and this amount would be escalated annually beginning on January 1, 2015 based upon the change in the San Francisco Bay Area Consumers Price Index for the prior 12 month period, but no greater than 5% per year pursuant to the Water Code limitations.

You are invited to submit comments regarding any aspect of this matter in writing or verbally at the public hearing. For further details, please contact District Secretary Katie Young, North Marin Water District, 999 Rush Creek Place, PO Box 146, Novato, CA 94948, phone (415) 897-4133. Publish Novato Advance

10/23 & 10/30 #22896

Novato Advance
 10/30/13
 2nd public hearing
 notice

Directors Compensation

Compensation is \$100 per meeting up to 6 meetings per month
Potential compensation per Water Code Section 20202 calculated below

Potential compensation based on change in San Francisco Bay Area All Urban Consumer's Price Index

	<u>Fee per Meeting</u>
previous	\$75.00
9/1/1982	\$100.00
1/1/1984	\$105.00
1/1/1985	\$110.25
1/1/1986	\$115.76
1/1/1987	\$121.55
1/1/1988	\$127.63
1/1/1989	\$134.01
1/1/1990	\$140.71
1/1/1991	\$147.75
1/1/1992	\$155.13
1/1/1993	\$162.89
1/1/1994	\$171.03
1/1/1995	\$179.59
1/1/1996	\$188.56
1/1/1997	\$197.99
1/1/1998	\$207.89
1/1/1999	\$218.29
1/1/2000	\$229.20
1/1/2001	\$240.66
1/1/2002	\$252.70
1/1/2003	\$265.33
1/1/2004	\$278.60
1/1/2005	\$292.53
1/1/2006	\$307.15
1/1/2007	\$322.51
1/1/2008	\$338.64
1/1/2009	\$355.57
1/1/2010	\$373.35
1/1/2011	\$392.01
1/1/2012	\$411.61
1/1/2013	\$432.19
1/1/2014	\$453.80

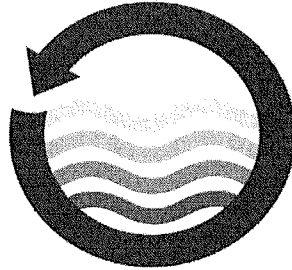
calculation: 5% annual increases compounded

	<u>Fee per Meeting</u>
previous	\$75.00
9/1/1982	\$100.00
1/1/1984	\$101.01
1/1/1985	\$107.07
1/1/1986	\$110.51
1/1/1987	\$112.93
1/1/1988	\$118.59
1/1/1989	\$123.84
1/1/1990	\$128.69
1/1/1991	\$136.46
1/1/1992	\$141.21
1/1/1993	\$145.76
1/1/1994	\$148.48
1/1/1995	\$150.91
1/1/1996	\$153.64
1/1/1997	\$157.58
1/1/1998	\$164.24
1/1/1999	\$169.09
1/1/2000	\$176.26
1/1/2001	\$185.96
1/1/2002	\$192.53
1/1/2003	\$195.15
1/1/2004	\$197.27
1/1/2005	\$201.52
1/1/2006	\$205.45
1/1/2007	\$212.53
1/1/2008	\$220.69
1/1/2009	\$220.74
1/1/2010	\$226.50
1/1/2011	\$229.96
1/1/2012	\$236.69
1/1/2013	\$241.95
1/1/2014	

calculation: Increased by Change in CPI

7

NORTH MARIN WATER DISTRICT



FINANCIAL STATEMENT FISCAL YEAR 2013-14

September 2013

**NORTH MARIN WATER DISTRICT
FINANCIAL STATEMENTS
TABLE OF CONTENTS**

<u>Memo</u>	
Financial Statement Memo.....	1
<u>Basic Financial Statements</u>	
Statement of Net Position - All Districts.....	4
Sources and Uses of Funds Statement.....	8
Income Statement & Cash Flow - By Service Area.....	9
<u>Supplementary Information</u>	
Detail Income Statement - Novato Water.....	10
Detail Income Statement - Recycled Water.....	14
Detail Income Statement - West Marin Water.....	16
Detail Income Statement - Oceana Marin Sewer.....	19
Connection Fee, Workers' Comp & Conservation Incentive Rate Analysis.....	21
Equipment Expenditures.....	22
Overhead Analysis.....	23
Expenditures by Category.....	24
Vehicle Fleet Analysis.....	25
Water Conservation Expenditures.....	26
Capital Improvement Project Expenditures	27
Notes to Financial Statements	31

MEMORANDUM

To: Board of Directors
 From: David L. Bentley, Auditor-Controller
 Subj: Information – FY13/14 September Financial Statement
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November 1, 2013

FISCAL YEAR-TO-DATE PERFORMANCE COMPARED TO THE ANNUAL BUDGET

CONSOLIDATED SUMMARY

Actual vs. Budget

	Sep-13	FY13/14 YTD Actual	FY13/14 Budget	FYTD / Budget %
Operating Revenue	\$2,294,612	\$6,921,710	\$18,585,000	37%
Operating Expense	\$1,579,435	\$4,803,368	\$16,046,000	30%
Non-Operating Revenue/(Expense)	(\$66,963)	(\$160,491)	(\$618,000)	26%
Net Income/(Loss)	\$648,214	\$1,957,850	\$1,921,000	102%
Other Sources/(Uses) ¹	(\$304,657)	\$3,297,200	\$645,000	511%
Cash Increase/(Decrease)	\$343,557	\$5,255,050	\$2,566,000	205%

¹ See Page 8.

For the first quarter of the fiscal year the District generated a net income of \$1,957,850 and saw a net cash increase of \$5,255,050. The cash increase is largely attributable to the receipt of \$3.75 million in Recycled Water grant and loan funds. On a seasonally adjusted basis, Operating Revenue came in 3% over budget and Operating Expense came in 1% over budget. Twelve percent of the Capital Improvement Projects Budget was expended this fiscal year-to-date. The District's cash balance increased \$358,447 during the month.

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

NOVATO WATER

Year over Year Comparison

	Sep-13	FYTD 13/14	FYTD 12/13	FY14 vs 13 Up/(Down)
Operating Revenue	\$2,100,808	\$6,302,876	\$5,489,045	15%
Operating Expense	\$1,440,150	\$4,393,871	\$4,438,659	(1%)
Other Income / (Expense)	(\$37,984)	(\$67,893)	(\$34,644)	96%
Net Income / (Loss)	\$622,674	\$1,841,112	\$1,015,741	81%
Active Accounts	20,480	20,480	20,493	(0%)
Consumption (MG)	353	1,079	1,059	2%
Average Commodity Rate/1,000 gal (net)	\$4.85	\$4.76	\$4.38	9%
Income / (Loss) / Active Account	\$30.40	\$89.90	\$49.57	81%
Income / (Loss) / 1,000 Gal	\$1.76	\$1.71	\$0.96	78%
Connection Fee Revenue	\$0	\$0	\$28,600	(100%)
Developer 'In-Kind' Contributions	\$33,652	\$152,062	\$108,037	41%

Consumption for the period was 2% more than the prior year. Total operating revenue, which includes wheeling and other miscellaneous service charges, increased 15% (\$813,831) primarily due to the 11% rate increase commencing June 1, 2013 coupled with the consumption increase. Total operating expense was 1% (\$44,788) less than last year same period, due primarily to a reduction in the volume of purchased Russian River water.

The Stafford Treatment Plant produced 237 MG this fiscal year-to-date at a cost of \$2,884/MG¹ versus \$2,201/MG³ from SCWA. The budget for Stafford is 750 MG at a cost of \$2,811/MG.

¹ Stafford production cost = op expense (\$460,657) + SRF loan interest (\$83,252) + plant depreciation (\$139,687) / 237 MG produced

Salary and benefit cost charged to Novato operations was 4% more than the same period last year. Staff time (hours) charged to Novato operations was 2% less than last year same period. Salary and benefit cost was \$1,376,117, which was 25% of the \$5,565,000 budget for Novato operations.

The fiscal year-to-date net income (which includes non-operating items such as interest revenue and expense) of \$1,841,112 compares to a budgeted net income for the year of \$2,021,000 and to a net income of \$1,015,741 for the prior year same period. \$596,868 (8%) of the Novato Water Capital Improvement Project Budget was spent versus \$276,139 (9%) for the prior year same period. No connection fees were collected (\$860,000 is budgeted). The Novato cash balance increased \$404,279 in September, and stood at \$13,744,635 at month end, compared to a budgeted projection of \$12,833,000 at June 30, 2014. The Recycled Water System owed \$1.1 million to Novato Water at quarter end.

<u>NOVATO RECYCLED</u>		FYTD	FYTD	FY14 vs 13
Year over Year Comparison	<u>Sep-13</u>	<u>13/14</u>	<u>12/13</u>	<u>Up/(Down)</u>
Operating Revenue	\$82,729	\$301,336	\$128,005	135%
Operating Expense	\$72,214	\$217,016	\$116,805	86%
Other Income / (Expense)	(\$23,754)	(\$80,790)	(\$91,644)	(12%)
Net Income / (Loss)	<u>(\$13,240)</u>	<u>\$3,531</u>	<u>(\$80,445)</u>	-
Active Accounts	42	42	2	2000%
Consumption (MG)	18.0	66.5	31.0	115%
Average Commodity Rate/1,000 gal (net)	\$4.44	\$4.44	\$4.11	8%
Deer Island Production (MG)	0.0	0.0	21.7	-
Novato Sanitary Production (MG)	11.3	46.0	0.0	-
Las Gallinas Production (MG)	7.3	24.8	0.0	-
Potable Water Input (MG)	1.4	3.8	0.0	-

66.5 MG was delivered to RW customers this fiscal year-to-date. Operating revenue was up 135% due primarily to the 115% consumption increase coupled with the 8% commodity rate increase. Total operating expense was \$100,210 (86%) more than last year same period, due primarily to the addition of purchased water cost from NSD and LGVSD. The recycled water was produced at a cost of \$2,939/MG² versus \$2,201/MG³ from SCWA. The budgeted production cost of recycled water is \$4,692/MG.

The fiscal year-to-date net income of \$3,531 compares to a budgeted net loss for the year of \$339,000 and a net loss of \$80,445 for the prior year same period. \$346,660 (173%) of the Capital Improvement Project Budget has been expended this fiscal year.

To date, \$15,618,795 has been expended on the North/South Area Expansion Projects. \$1,114,464 has been borrowed from Novato Water for the expansion pending receipt of additional Grant & SRF Loan funds. To date, \$3,408,739 in Grant funds and \$9,282,016 in SRF Loan funds have been received. Another \$813,546 in grant and loan funding is anticipated to be received this fall.

² Recycled Water production cost = op expense (\$146,984) + Deer Island RW Facility SRF loan interest (\$19,486) + plant depreciation (\$28,980) / 66.5 MG produced

³ SCWA production cost per MG = O&M charge (\$1,808) + debt service charge (\$154) + Russian River conservation charge (\$194) + Russian River projects charge (\$45)

WEST MARIN WATER

Year over Year Comparison

	Sep-13	FYTD 13/14	FYTD 12/13	FY14 vs 13 Up/(Down)
Operating Revenue	\$96,320	\$273,093	\$243,975	12%
Operating Expense	\$52,628	\$148,032	\$126,669	17%
Other Income / (Expense)	(\$5,315)	(\$12,773)	(\$7,385)	73%
Net Income / (Loss)	<u>\$38,378</u>	<u>\$112,288</u>	<u>\$109,921</u>	2%
Active Accounts	776	776	776	0%
Consumption (MG)	9.0	26.6	27.1	(2%)
Average Commodity Rate/1,000 gal (net)	\$9.26	\$8.77	\$7.61	15%
Income/ (Loss) / Active Account	\$49.46	\$144.70	\$141.65	2%
Income / (Loss) / 1,000 Gal	\$4.26	\$4.22	\$4.06	4%
Connection Fee Revenue	\$0	\$0	\$4,900	(100%)
Developer 'In-Kind' Contributions	\$0	\$0	\$2,357	-

Consumption for the period was 26.6 MG, 2% less than the previous year same period. Operating revenue of \$273,093 was \$29,118 (12%) more than last year due primarily to the 8% rate increase effective 7/1/13.

Operating expenditures were \$148,032, up 17% from the previous year same period. The fiscal year-to-date net income of \$112,288 compares to a budgeted annual net income of \$212,000 and to a net income of \$109,921 for the prior year same period. \$68,988 (16%) of the Capital Improvement Project Budget was spent this fiscal year-to-date, and no connection fees were collected (\$46,000 is budgeted). The Solids Handling Facility project (\$183,939 expended to-date) is funded by a Bank of Marin loan (75%) and FRC Funds (25%). West Marin Water ended the month with a cash balance of \$718,971, compared to a budgeted projection of \$555,000 at June 30, 2014.

OCEANA MARIN SEWER

Year over Year Comparison

	Sep-13	FYTD 13/14	FYTD 12/13	FY14 vs 13 Up/(Down)
Operating Revenue	\$14,755	\$44,405	\$39,498	12%
Operating Expense	\$14,444	\$44,449	\$44,797	(1%)
Other Income / (Expense)	\$90	\$964	\$1,019	(5%)
Net Income / (Loss)	<u>\$402</u>	<u>\$920</u>	<u>(\$4,280)</u>	-
Active Accounts	227	227	227	0%
Monthly Sewer Service Charge	\$65	\$65	\$58	12%
Income / (Loss) / Active Account	\$1.77	\$4.05	(\$18.85)	-
Connection Fee Revenue	\$0	\$30,400	\$0	-

Operating revenue of \$44,405 was 12% higher than the previous year same period due to a 12% rate increase effective July 1, 2013. Operating expenditures were about the same as last year same period. The fiscal year-to-date net income of \$920 compares to a budgeted annual income of \$27,000 and to a net loss of \$4,280 for the prior year same period. None of the Capital Improvement Project Budget was expended.

\$30,400 in connection fees were collected (\$30,000 is budgeted). Oceana Marin ended the month with a cash balance of \$197,071, compared to a budgeted projection of \$238,000 at June 30, 2014.

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING SEPTEMBER 30, 2013**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
ASSETS					
Cash & Investments					
Unrestricted/Undesignated Cash	\$133,502	\$0	\$0	\$0	\$133,502
Restricted Cash (Note 1)					
Connection Fee Fund	\$161,969	\$0	\$0	\$161,969	\$0
Wohler Pipeline Financing Fund	394,111	394,111	0	0	0
Collector #6 Financing Fund	1,549,542	1,549,542	0	0	0
Revenue Bond Redemption Fund	30,000	0	0	30,000	0
Bank of Marin Project Fund	6,176,047	5,654,477	0	521,570	0
RWF Replacement Fund	0	0	0	0	0
Tax Receipts Held in Marin Co Treasury	4,717	0	0	4,717	1
STP SRF Loan Fund-Marin Co Treasury	419,576	419,576	0	0	0
RWS North/South SRF Payment Fund	623,580	0	623,580	0	0
Designated Cash (Note 2)					
Liability Contingency Fund	315,815	315,815	0	0	0
Self-Insured Workers' Compensation Fund	281,345	277,777	0	0	3,568
Retiree Medical Benefits Fund	3,212,119	3,212,119	0	0	0
Drought Contingency Fund	0	0	0	0	0
Maintenance Accrual Fund	1,921,218	1,921,218	0	0	0
Conservation Incentive Rate Fund	0	0	0	0	0
Operating Reserve Fund	60,000	0	0	0	60,000
Total Cash	\$15,283,543	\$13,744,635	\$623,580	\$718,256	\$197,071
Gain/(Loss) on MV of Investments	8,076	8,076	0	0	0
Market Value of Cash & Investments	\$15,291,619	\$13,752,711	\$623,580	\$718,256	\$197,071
Current Assets					
Net Receivables - Consumers	\$3,942,018	\$3,485,754	\$214,903	\$197,096	\$44,265
Accounts Receivable - Other	1,064,861	496,118	435,948	0	132,795
State Revolving Fund Receivable	554,494	0	554,494	0	0
Provision for Pension Related Debt (Note 13)	2,153,624	2,153,624	0	0	0
Prepaid Expense	91,373	90,865	0	0	508
Reimbursable Small Jobs	15,630	12,369	0	3,260	0
Interest Receivable	24,559	19,956	4,603	0	0
Inventories	595,924	595,924	0	0	0
Deposits Receivable	23,062	23,062	0	0	0
Total Current Assets	\$8,465,544	\$6,877,671	\$1,209,948	\$200,357	\$177,568

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING SEPTEMBER 30, 2013**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Loans Receivable					
Employee Loans (Note 3)	\$1,443,496	\$1,443,496	\$0	\$0	\$0
Housing Loan Impairment (Note 3)	(110,000)	(110,000)	0	0	0
Due From Other Funds	1,130,551	1,130,551	0	0	0
Other Long Term Receivables	2,137,470	0	2,137,470	0	0
Loans Receivable	\$4,602,579	\$2,464,047	\$2,137,470	\$0	\$0
Property and Plant					
Land & Land Rights	\$1,473,091	\$1,368,872	\$0	\$103,411	\$808
Dam, Lake, & Source Facilities	5,557,888	5,065,476	0	492,412	0
Treatment Facilities	21,060,233	17,561,535	2,666,198	319,913	512,587
Storage Facilities	18,396,517	16,466,506	43,014	1,886,996	0
Transmission Facilities	5,567,990	5,445,667	0	122,324	0
Distribution Facilities	67,821,914	55,496,734	8,191,765	4,133,415	0
Sewer Mains, Pumps, & Laterals	1,149,525	0	0	0	1,149,525
Sub-Total	\$121,027,158	\$101,404,790	\$10,900,977	\$7,058,471	\$1,662,921
Less Accumulated Depreciation (Note 5)	(38,964,987)	(34,290,918)	(991,817)	(2,894,636)	(787,616)
Net Property and Plant	\$82,062,171	\$67,113,872	\$9,909,160	\$4,163,835	\$875,305
Buildings and Equipment					
Buildings	\$1,908,759	\$1,908,759	\$0	\$0	\$0
Office Equipment	666,575	666,575	0	0	0
Laboratory Equipment	300,004	300,004	0	0	0
Trucks & Automobiles	1,151,035	1,151,035	0	0	0
Construction Equipment	734,817	734,817	0	0	0
Tools, Shop Equipment	196,436	196,436	0	0	0
Sub-Total	\$4,957,627	\$4,957,627	\$0	\$0	\$0
Less Accumulated Depreciation	(3,415,602)	(3,408,778)	(6,824)	0	0
Net Buildings and Equipment	\$1,542,025	\$1,548,849	(\$6,824)	\$0	\$0
Construction In Progress					
Developer	\$1,122,375	\$1,117,375	\$0	\$0	\$5,000
District	11,910,927	2,126,630	9,401,739	382,557	0
Total Construction in Progress	\$13,033,302	\$3,244,005	\$9,401,739	\$382,557	\$5,000
Net Utility Plant	\$96,637,497	\$71,906,726	\$19,304,075	\$4,546,392	\$880,305
TOTAL ASSETS	\$124,996,177	\$95,001,155	\$23,275,073	\$5,465,005	\$1,254,945

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING SEPTEMBER 30, 2013**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
LIABILITIES AND NET ASSETS					
Current Liabilities					
Trade Accounts Payable	\$1,530,807	\$1,312,667	\$212,312	\$0	\$5,828
Reimbursement Prog. Unclaimed Funds	14,210	14,210	0	0	0
Bond Debt Principal Payable-Current	22,731	0	0	22,731	0
Loan Debt Principal Payable-Current	1,211,848	733,790	475,806	2,252	0
Bank of Marin Principal Payable-Current	303,025	264,238	0	38,787	0
Bond/Loan Debt Interest Payable-Current	2,254	806	0	1,448	0
Accrued Interest Payable-SRF Loan	193,350	83,252	110,098	0	0
Deposits/Performance Bonds	137,831	116,573	0	19,758	1,500
Unemployment Insurance Reserve (Note 8)	23,118	23,118	0	0	0
Deferred Compensation	0	0	0	0	0
Workers' Comp Future Claims Payable	46,435	43,711	765	1,479	480
Payroll Benefits (Note 9)	805,744	755,460	13,521	27,759	9,003
Due To Other Funds	1,130,551	0	1,130,551	0	0
Deferred Revenue	132,795	0	0	0	132,795
Total Current Liabilities	\$5,554,698	\$3,347,825	\$1,943,053	\$114,215	\$149,606
Restricted Liabilities					
Construction Advances	\$470,039	\$470,039	\$0	\$0	\$0
Total Restricted Liabilities	\$470,039	\$470,039	\$0	\$0	\$0
Long Term Liabilities (Note 7)					
Bonds Outstanding - PR6 (FmHA)	\$75,000	\$0	\$0	\$75,000	\$0
Bonds Outstanding - OL2 (NMWD)	3,921	0	0	3,921	0
Bonds Outstanding - PRE1 (FmHA)	72,000	0	0	72,000	0
Drought Loan (EDA)	57,088	50,283	0	6,806	0
STP Rehab SRF Loan	13,101,196	13,101,196	0	0	0
RWF SRF Loan	3,022,026	0	3,022,026	0	0
RWS North/South Expansion SRF Loan	9,361,136	0	9,361,136	0	0
Bank of Marin Loan	7,144,827	6,230,222	0	914,605	0
Pension Related Debt (Note 13)	2,153,624	2,153,624	0	0	0
Retiree Health Benefits Payable	604,959	604,959	0	0	0
Total Long Term Liabilities	\$35,595,777	\$22,140,284	\$12,383,162	\$1,072,331	\$0
TOTAL LIABILITIES	\$41,620,514	\$25,958,147	\$14,326,214	\$1,186,546	\$149,606

**NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING SEPTEMBER 30, 2013**

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Net Assets					
Invested in Capital Assets					
Contributions in Aid of Construction	\$62,477,303	\$55,601,290	\$4,104,370	\$2,096,967	\$674,676
Grants in Aid of Construction	5,407,634	114,420	3,909,999	1,383,215	0
Connection Fees (Note 15)	29,017,863	25,114,033	2,293,170	1,144,732	465,928
Total Investment	\$96,902,799	\$80,829,742	\$10,307,540	\$4,624,914	\$1,140,604
Restricted Reserves					
Connection Fee Fund	(\$181,323)	(\$320,945)	\$0	\$161,969	(\$22,348)
Wohler Pipeline Financing Fund	394,111	394,111	0	0	0
Collector #6 Financing Fund	1,549,542	1,549,542	0	0	0
Revenue Bond Redemption Fund	30,000	0	0	30,000	0
Bank of Marin Project Fund	6,301,670	5,654,477	0	647,193	0
RWF Replacement Fund	161,661	0	161,661	0	0
RWS North/South SRF Payment Fund	623,580	0	623,580	0	0
Designated Reserves					
Liability Contingency Fund	414,700	315,815	0	98,885	0
Maintenance Accrual Fund	3,940,681	3,940,681	0	0	0
Self-Insured Workers' Compensation Fund	248,706	234,030	3,192	8,361	3,123
Retiree Medical Benefits Fund	2,607,160	2,607,160	0	0	0
Conservation Incentive Rate Fund	57,911	0	0	57,911	0
Operating Reserve Fund	60,000	0	0	0	60,000
Earned Surplus - Prior Yrs	(32,673,507)	(28,989,679)	(2,148,895)	(1,458,806)	(76,126)
Net Income/(Loss)	1,957,850	1,841,112	3,531	112,288	920
FRC Transfer Prior Year	0	0	0	0	0
Transfer (To)/From Reserves (see below)	980,122	986,962	(1,749)	(4,257)	(834)
Total Restricted & Designated	(\$13,527,136)	(\$11,786,735)	(\$1,358,681)	(\$346,455)	(\$35,265)
TOTAL NET POSITION	\$83,375,663	\$69,043,007	\$8,948,859	\$4,278,459	\$1,105,338
Transfer (To)/From Reserves					
Wohler Pipeline Financing	\$10,216	\$10,216	\$0	\$0	\$0
Collector #6 Financing	26,863	26,863	0	0	0
Connection Fee	799,209	799,457	0	(248)	0
Liability Reserve	0	0	0	0	0
Maintenance Reserve	(25,000)	(25,000)	0	0	0
Retiree Medical Insurance Fund	(4,335)	(4,335)	0	0	0
(Gain)/Loss Self-Insured WC Fund	(55,120)	(51,635)	(904)	(1,747)	(834)
Bank of Marin Project Fund	231,134	231,396	0	(262)	0
RWS North/South SRF Payment Fund	(845)	0	(845)	0	0
Conservation Incentive Rate Fund	(1,999)	0	0	(1,999)	0
Total Transfer	\$980,122	\$986,962	(\$1,749)	(\$4,257)	(\$834)

**NORTH MARIN WATER DISTRICT
SOURCES AND USES OF FUNDS STATEMENT - ALL SERVICE AREAS COMBINED
FOR PERIOD ENDING SEPTEMBER 30, 2013**

	YTD Actual	Annual Budget	YTD/ Budget %	Prior YTD Actual
OPERATING REVENUE				
Water Sales	\$5,662,670	\$13,539,000	42%	\$4,967,242
Bimonthly Service Charge	1,072,895	4,298,000	25%	825,407
Sewer Service Charge	44,265	178,000	25%	39,498
Wheeling & Misc Service Charges	141,880	570,000	25%	68,375
TOTAL OPERATING REVENUE	\$6,921,710	\$18,585,000	37%	\$5,900,522
OPERATING EXPENDITURES				
Source of Supply	\$1,990,374	\$4,696,000	42%	\$2,076,841
Pumping	118,860	375,000	32%	101,555
Operations	204,002	669,000	30%	167,435
Water Treatment	627,221	1,994,000	31%	520,229
Sewer Service	25,823	129,000	20%	29,173
Transmission & Distribution	569,091	2,751,000	21%	587,746
Consumer Accounting	134,441	566,000	24%	134,052
Water Conservation	63,863	404,000	16%	64,704
General & Administrative	336,732	1,583,000	21%	371,238
Depreciation Expense	732,962	2,879,000	25%	673,542
TOTAL OPERATING EXPENDITURES	\$4,803,368	\$16,046,000	30%	\$4,726,515
NET OPERATING INCOME (LOSS)	\$2,118,342	\$2,539,000	83%	\$1,174,007
NON-OPERATING REVENUE/(EXPENSE)				
Tax Proceeds	\$297	\$93,000	0%	\$1,562
Interest Revenue	30,991	\$96,000	32%	60,458
Miscellaneous Revenue	43,024	135,000	32%	70,594
Bond & Loan Interest Expense	(227,788)	(912,000)	25%	(190,118)
Miscellaneous Expense	(7,015)	(30,000)	23%	(75,533)
TOTAL NON-OP REVENUE/(EXPENSE)	(\$160,491)	(\$618,000)	26%	(\$133,037)
NET INCOME/(LOSS)	\$1,957,850	\$1,921,000	102%	\$1,040,970
OTHER SOURCES/(USES) OF FUNDS				
Connection Fees	\$30,400	\$936,000	3%	\$33,500
Loan Proceeds	2,911,791	3,472,000	84%	0
Grant Proceeds	138,073	138,000	100%	400,348
Grants Proceeds Receivable	701,381	961,000	73%	344,098
Caltrans Reimbursement	119,362	2,200,000	5%	8,067
Stone Tree RWF Loan Principal	32,426	197,000	16%	31,659
Add Depreciation Expense	732,962	2,879,000	25%	673,542
Capital Equipment Expenditures	(250)	(231,000)	0%	(8,533)
Capital Improvement Projects	(1,012,516)	(8,378,000)	12%	(3,047,452)
Bond & Loan Principal Payments	(183,805)	(1,529,000)	12%	(87,405)
Change in Working Capital	(172,624)	0	-	(2,319,163)
TOTAL OTHER SOURCES/(USES)	\$3,297,200	\$645,000	511%	(\$3,971,338)
CASH INCREASE/(DECREASE)	\$5,255,050	\$2,566,000	205%	(\$2,930,369)

**NORTH MARIN WATER DISTRICT
INCOME STATEMENT AND CASH FLOW BY SERVICE AREA
FOR PERIOD ENDING SEPTEMBER 30, 2013**

<u>SUMMARY INCOME STATEMENT</u>	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Operating Revenue	\$6,921,710	\$6,302,876	\$301,336	\$273,093	\$44,405
Operating Expense	4,803,368	4,393,871	217,016	148,032	44,449
OPERATING INCOME/(LOSS)	\$2,118,342	\$1,909,005	\$84,321	\$125,060	(\$44)
Non-Operating Revenue/(Expense)	(\$160,491)	(\$67,893)	(\$80,790)	(\$12,773)	\$964
NET INCOME/(LOSS)	\$1,957,850	\$1,841,112	\$3,531	\$112,288	\$920
CAPITAL CONTRIBUTIONS					
Developer In-Kind Contributions	\$152,062	\$152,062	\$0	\$0	\$0
Connection Fees	30,400	0	0	0	30,400
FRC Transfer	0	(189,111)	189,111	0	0
Capital Grants	138,073	0	138,073	0	0
CAPITAL CONTRIBUTIONS	\$320,535	(\$37,049)	\$327,184	\$0	\$30,400
CHANGE IN NET ASSETS	\$2,278,385	\$1,804,062	\$330,715	\$112,288	\$31,320
Net Assets July 1, 2013	81,124,469	67,317,921	8,554,624	4,177,771	1,074,153
Net Assets September 30, 2013	<u><u>\$83,402,854</u></u>	<u><u>\$69,121,983</u></u>	<u><u>\$8,885,339</u></u>	<u><u>\$4,290,059</u></u>	<u><u>\$1,105,473</u></u>
CASH FLOW STATEMENT					
Net Income/(Loss)	\$1,957,850	\$1,841,112	\$3,531	\$112,288	\$920
Add Depreciation	732,962	610,869	70,032	37,792	14,269
Cash Generated From Operations	\$2,690,812	\$2,451,980	\$73,563	\$150,079	\$15,189
Other Sources (Uses) of Funds					
Consumer Receivables Decr (Incr)	(\$508,642)	(\$394,455)	(\$25,341)	(\$46,319)	(\$42,527)
Capital Assets Acquisition	(1,012,766)	(597,118)	(346,660)	(68,988)	0
Construction Advances (Decr) Incr	166,599	166,599	0	0	0
Other Assets/Liabilities Decr (Incr)	960,400	202,711	751,635	4,403	1,651
Trade Accounts Payable (Decr) Incr	29,762	43,205	(13,760)	0	317
Loan Proceeds	2,911,791	0	2,911,791	0	0
Grant Proceeds	138,073	0	138,073	0	0
Connection Fee Revenue	30,400	0	0	0	30,400
Connection Fee Transfer	0	(189,111)	189,111	0	0
Stone Tree RWF Loan Principal Pmts	32,426	0	32,426	0	0
Principal Paid on Debt	(183,805)	(79,053)	(85,124)	(19,629)	0
Interdistrict Loan Due To (From)	0	3,624,870	(3,624,870)	0	0
Total Other Sources (Uses)	\$2,564,238	\$2,777,648	(\$72,718)	(\$130,533)	(\$10,160)
Net Cash Provided (Used)	\$5,255,049	\$5,229,629	\$845	\$19,546	\$5,029
Cash Balance July 1, 2013	10,028,493	8,515,006	622,735	698,710	192,042
Cash Balance September 30, 2013	<u><u>\$15,283,543</u></u>	<u><u>\$13,744,635</u></u>	<u><u>\$623,580</u></u>	<u><u>\$718,257</u></u>	<u><u>\$197,071</u></u>

NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2013

	SEPTEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Water Sales	\$1,720,565	\$5,157,960	41%	\$4,661,667
Bill Adjustments	(7,391)	(23,903)	16%	(27,816)
Bimonthly Service Charges	342,712	1,028,136	25%	787,500
Account Turn-on Charges	5,615	18,066	24%	17,640
New Account Charges	1,015	2,855	29%	2,635
Returned Check Charges	45	279	28%	468
Hydrant Meter Up/Down Charges	400	1,600	40%	1,500
Backflow Service Charges	10,684	31,320	25%	25,371
Lab Service-Outside Clients	4,265	13,120	52%	9,457
Wheeling Charges - MMWD	22,897	73,442	23%	10,622
Regulation 15 Forfeiture	0	0	0%	0
TOTAL OPERATING REVENUE	\$2,100,808	\$6,302,876	37%	\$5,489,045
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Supervision & Engineering	\$718	\$1,150	8%	\$1,986
Operating Expense - Source	0	728	10%	1,175
Maint/Monitoring of Dam	1,313	9,189	27%	7,862
Maint of Lake & Intakes	0	0	0%	658
Maint of Structures	0	0	0%	0
Maint of Watershed	180	580	2%	0
Water Quality Surveillance	2,180	5,101	39%	4,740
Fishery Maint	0	0	0%	0
Erosion Control	11,473	11,473	191%	0
Purchased Water (Note 4)	602,754	1,841,996	42%	2,050,417
SOURCE OF SUPPLY	\$618,619	\$1,870,218	42%	\$2,066,838
PUMPING				
Operating Expense - Pumping	\$0	\$0	0%	\$0
Maint of Structures & Grounds	3,963	10,054	28%	4,557
Maint of Pumping Equipment	6,607	11,334	16%	4,380
Electric Power	30,847	89,761	40%	85,799
PUMPING	\$41,416	\$111,149	33%	\$94,736
OPERATIONS				
Supervision & Engineering	\$13,118	\$49,628	21%	\$43,075
Operating Expense - Operations	29,149	70,116	37%	68,784
Maintenance Expense	6,780	24,236	30%	24,007
Telemetry Equipment/Controls Maint	4,160	13,296	19%	8,320
Leased Lines	1,409	4,382	21%	4,494
OPERATIONS	\$54,616	\$161,659	27%	\$148,679

**NOVATO WATER
 DETAIL INCOME STATEMENT
 FOR PERIOD ENDING SEPTEMBER 30, 2013**

	SEPTEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
WATER TREATMENT				
Supervision & Engineering	\$10,051	\$30,720	22%	\$21,885
Operating Expense - Water Treatment	31,216	95,495	38%	77,167
Purification Chemicals	101,589	196,326	46%	150,579
Sludge Disposal	8,165	21,970	24%	14,049
Maint of Structures & Grounds	4,746	15,410	20%	10,602
Maint of Purification Equipment	3,875	30,013	25%	32,330
Electric Power	19,533	45,910	42%	17,681
Water Quality Programs	7,132	24,833	27%	22,087
Laboratory Direct Labor	25,553	83,734	26%	70,297
Lab Service-Outside Clients	3,385	10,547	32%	7,867
Water Quality Supervision	6,083	18,278	30%	14,751
Laboratory Supplies & Expense	6,677	13,105	20%	16,451
Customer Water Quality	4,300	14,102	23%	10,273
Lab Cost Distributed	(2,357)	(5,123)	20%	(10,534)
WATER TREATMENT	\$229,948	\$595,319	33%	\$455,484
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$36,976	\$107,040	18%	\$100,870
Maps & Records	1,402	14,758	12%	25,620
Operation of T&D System	8,522	36,758	22%	36,574
Facilities Location	8,268	27,595	47%	19,684
Safety: Construction & Engineering	4,004	5,579	10%	2,503
Customer Service Expense	11,737	40,977	25%	45,376
Flushing	0	0	0%	313
Storage Facilities Expense	5,635	23,218	21%	16,918
Cathodic Protection	1,258	4,780	21%	1,186
Maint of Valves/Regulators	6,666	22,661	14%	19,748
Maint of Mains	(3,727)	13,715	12%	27,923
Backflow Prevention Program	10,239	23,117	41%	29,183
Maint of Copper Services	5,617	39,174	19%	33,121
Maint of PB Service Lines	26,057	142,225	32%	164,334
Single Service Installations	(22)	1,124	-	(5,908)
Maint of Meters	4,912	23,351	16%	22,531
Detector Check Assembly Maint	0	2,152	2%	1,245
Maint of Hydrants	6,135	8,688	16%	1,097
TRANSMISSION & DISTRIBUTION	\$133,679	\$536,913	21%	\$542,321
CONSUMER ACCOUNTING				
Meter Reading	\$12,349	\$36,538	25%	\$36,971
Collection Expense - Labor	1,682	6,766	21%	7,507
Collection Expense - Agency	64	692	35%	743
Billing & Consumer Accounting	19,402	60,912	25%	61,898
Contract Billing	1,344	4,428	23%	5,247
Stationery, Supplies & Postage	5,925	18,525	28%	14,592
Uncollectable Accounts	2,674	4,199	18%	4,213
Office Equipment Expense	28	551	4%	1,294
Distributed to West Marin (4.1%)	(1,100)	(3,444)	23%	(3,809)
CONSUMER ACCOUNTING	\$42,368	\$129,167	24%	\$128,656

**NOVATO WATER
 DETAIL INCOME STATEMENT
 FOR PERIOD ENDING SEPTEMBER 30, 2013**

	SEPTEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
WATER CONSERVATION				
Residential	\$16,500	\$51,884	17%	\$60,209
Commercial	0	0	0%	87
Public Outreach/Information	855	4,340	9%	2,330
Large Landscape	639	5,728	21%	1,970
TOTAL WATER CONSERVATION	\$17,994	\$61,952	15%	\$64,596
GENERAL AND ADMINISTRATIVE				
Directors Fees	\$1,300	\$3,000	20%	\$3,500
Legal Fees	0	2,830	26%	590
Human Resources	2,103	8,699	29%	5,434
Auditing Fees	8,000	15,500	74%	9,000
Consultants	0	0	0%	8,701
General Office Salaries	90,029	296,965	25%	316,536
Safety: General District Wide	1,795	3,386	26%	2,224
Office Supplies	4,120	10,281	18%	3,200
Employee Events	0	167	2%	1,593
Other Administrative Expense	855	3,097	17%	4,265
Election Cost	0	0	0%	0
Dues & Subscriptions	80	18,352	35%	17,477
Vehicle Expense	676	2,028	25%	2,077
Meetings, Conferences & Training	8,781	16,248	10%	15,563
Recruitment Expense	84	159	8%	337
Gas & Electricity	2,704	8,021	38%	7,440
Telephone	44	571	19%	842
Water	0	343	17%	247
Buildings & Grounds Maint	2,231	5,521	13%	7,011
Office Equipment Expense	2,050	20,708	21%	21,409
Insurance Premiums & Claims	5,990	17,969	18%	18,174
Retiree Medical Benefits	12,923	39,012	25%	41,591
(Gain)/Loss on Overhead Charges	(2,636)	(37,343)	14%	(20,878)
G&A Applied to Other Operations (5.9%)	(4,466)	(19,599)	21%	(20,610)
G&A Applied to Construction	(38,336)	(99,289)	27%	(93,606)
GENERAL & ADMINISTRATIVE	\$98,326	\$316,624	21%	\$352,116
Depreciation (Note 5)	203,183	610,869	25%	585,234
TOTAL OPERATING EXPENSE	\$1,440,150	\$4,393,871	30%	\$4,438,659
OPERATING INCOME/(LOSS)	\$660,658	\$1,909,005	80%	\$1,050,386

**NOVATO WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2013**

	<u>SEPTEMBER 2013</u>	<u>YEAR TO DATE ACTUAL</u>	<u>YTD/ BUDGET%</u>	<u>PRIOR YTD ACTUAL</u>
NON-OPERATING REVENUE				
Interest:				
General Funds	\$0	\$0	0%	\$1,346
Facility Reserve Charge Fund	0	0	-	658
Wohler Pipeline Financing Fund	163	596	60%	369
Collector #6 Financing Fund	640	2,337	39%	1,612
Retiree Medical Insurance Fund	1,323	4,805	37%	2,899
Self-Insured Workers' Comp Fund	97	262	-	0
Aqueduct Energy Efficiency Proj Fund	2,380	7,677	48%	2,051
Recycled Water Advance (Note 10)	2,740	17,383	35%	35,423
Total Interest Revenue	\$7,343	\$33,060	38%	\$44,358
Rents & Leases	3,898	28,106	41%	27,371
Other Non-Operating Revenue	1,567	3,868	6%	44,620
Gain/(Loss) on MV of Investments	(1,491)	10,515	-	(3,883)
NON-OPERATING REVENUE	\$11,317	\$75,548	35%	\$112,466
NON-OPERATING EXPENSE				
Bank of Marin AEEP Loan Interest Exp	\$18,568	\$55,888	25%	\$56,571
STP SRF Loan Interest Expense	27,147	83,252	26%	87,479
Drought Loan Interest Expense	272	815	20%	996
Other Non-Operating Expense	3,314	3,486	17%	2,064
NON-OPERATING EXPENSE	\$49,302	\$143,442	25%	\$147,110
NET INCOME/(LOSS)	\$622,674	\$1,841,112	91%	\$1,015,741
BEGINNING FUND EQUITY				
NET INCOME/(LOSS)	622,674	1,841,112		1,015,741
CONTRIBUTED CAPITAL				
Developer 'In-Kind' Contributions	33,652	152,062	-	108,037
Connection Fees	0	0	0%	28,600
FRC Transfer to Recycled Water	(116,129)	(189,111)	35%	0
ENDING FUND EQUITY		\$69,043,008		\$68,116,164

**NOVATO RECYCLED WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2013**

	SEPTEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Recycled Water Sales	\$80,106	\$295,380	51%	\$127,226
Bimonthly Service Charges	2,623	5,872	59%	695
Backflow Service Charges	0	84	-	84
TOTAL OPERATING REVENUE	\$82,729	\$301,336	51%	\$128,005
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Purchased Water - NSD	\$17,693	\$68,470	60%	\$0
Purchased Water - LGVSD	10,371	34,984	51%	0
SOURCE OF SUPPLY	\$28,064	\$103,454	57%	\$0
PUMPING				
Maint of Pumping Equipment	\$47	\$47	2%	\$99
Electric Power	291	922	-	0
PUMPING	\$339	\$969	48%	\$99
OPERATIONS				
Supervision & Engineering	\$291	\$2,181	20%	\$9,788
Operating Expense - Operations	0	6	0%	4,491
Potable Water Consumed	16,088	28,800	288%	866
Maintenance Expense	0	0	0%	0
Telemetry Equipment/Controls Maint	0	2	0%	0
OPERATIONS	\$16,379	\$30,988	82%	\$15,145
WATER TREATMENT				
Purification Chemicals	\$1,132	\$1,132	8%	\$18,611
Maint of Purification Equipment	297	1,416	35%	83
Electric Power	0	0	0%	4,530
Laboratory Direct Labor	0	106	1%	11,975
Lab Expense Distributed from Novato	5	62	1%	6,807
WATER TREATMENT	\$1,434	\$2,715	5%	\$42,006
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$476	\$1,118	7%	\$1,397
Operation of T&D System	0	0	0%	5,700
Storage Facilities Expense	0	157	5%	7,568
Maint of Valves/Regulators	814	1,302	130%	0
Backflow Prevention Program	0	0	0%	0
Maint of Meters	39	39	4%	0
Maint of Mains	25	737	-	0
TRANSMISSION & DISTRIBUTION	\$1,354	\$3,353	10%	\$14,665
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (1.6%)	\$1,255	\$5,506	21%	\$3,856
GENERAL & ADMINISTRATIVE	\$1,255	\$5,506	21%	\$3,856
Depreciation (Note 5)	23,391	70,032	25%	41,034
TOTAL OPERATING EXPENSE	\$72,214	\$217,016	36%	\$116,805
OPERATING INCOME/(LOSS)	\$10,514	\$84,321	(367%)	\$11,200

**NOVATO RECYCLED WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2013**

	SEPTEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Interest:				
Stone Tree RWF Loan	\$4,603	\$13,939	26%	\$15,092
Total Interest Revenue	\$4,603	\$13,939	26%	\$15,092
Other Non-Operating Revenue	0	0	-	0
NON-OPERATING REVENUE	\$4,603	\$13,939	26%	\$15,092
NON-OPERATING EXPENSE				
RWF SRF Loan Interest Expense	\$6,354	\$19,486	27%	\$20,644
Expansion SRF Loan Interest Expense	19,263	57,860	23%	12,621
Other Non-Operating Expense	0	0	-	38,047
Interest-Advance from Novato (Note 10)	2,740	17,383	35%	35,423
NON-OPERATING EXPENSE	\$28,357	\$94,729	26%	\$106,736
NET INCOME/(LOSS)	(\$13,240)	\$3,531	(1%)	(\$80,445)
BEGINNING FUND EQUITY				
NET INCOME/(LOSS)	(13,240)	3,531		8,534,827
IRWMP Prop 84 Grant	0	0	0%	338,454
Water Smart Grant	21,870	138,073	16%	2,558
Federal ARRA Grant	0	0	0%	59,337
FRC Transfer from Novato	116,129	189,111	35%	0
ENDING FUND EQUITY		\$8,948,858		\$8,935,175

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2013**

	SEPTEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Water Sales	\$84,307	\$234,621	40%	\$207,699
Bill Adjustments	(939)	(1,388)	-	(1,535)
Bimonthly Service Charges	12,962	38,886	23%	37,212
Account Turn-on Charges	0	134	13%	38
New Account Charges	0	30	15%	50
Returned Check Charges	(9)	9	-	9
Backflow Service Charges	0	800	17%	501
TOTAL OPERATING REVENUE	\$96,320	\$273,093	36%	\$243,975
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Operating Expense	\$2,177	\$2,494	21%	\$2,477
Maint of Structures	6,683	14,208	178%	7,525
Water Quality Surveillance	0	0	0%	0
SOURCE OF SUPPLY	\$8,860	\$16,702	80%	\$10,002
PUMPING				
Operating Labor	\$0	\$0	0%	\$0
Maint of Structures and Grounds	11	654	6%	1,217
Maint of Pumping Equip	158	483	4%	625
Electric Power	2,115	5,606	37%	4,879
PUMPING	\$2,284	\$6,743	17%	\$6,720
OPERATIONS				
Supervision & Engineering	\$0	\$883	29%	\$900
Operating Expense	2,031	6,726	75%	1,494
Maint of Telemetry Equipment	286	2,294	15%	0
Leased Lines	464	1,452	29%	1,196
OPERATIONS	\$2,781	\$11,355	35%	\$3,589
WATER TREATMENT				
Supervision & Engineering	\$303	\$982	14%	\$1,080
Operating Expense	3	312	2%	605
Purification Chemicals	0	0	0%	100
Maint of Structures & Grounds	0	0	0%	0
Maint of Purification Equipment	475	2,204	16%	810
Electric Power	3,058	8,716	34%	8,537
Laboratory Direct Labor	3,667	8,603	30%	6,692
Laboratory Services	0	325	8%	453
Water Quality Supervision	0	970	24%	455
Customer Water Quality	(1,001)	2,065	41%	281
Lab Expense Distributed from Novato	2,348	5,009	31%	3,727
WATER TREATMENT	\$8,852	\$29,187	23%	\$22,738

**WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2013**

	SEPTEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	\$666	\$3,011	33%	\$5,287
Maps & Records	684	3,945	132%	2,790
Facilities Location - USA	72	530	13%	794
Customer Service Expense	862	3,302	18%	2,584
Flushing	0	0	0%	0
Storage Facilities Expense	676	1,459	7%	2,242
Cathodic Protection	498	498	-	0
Maint of Valves	3,248	3,664	61%	0
Valve Operation Program	1,091	1,091	36%	115
Maint of Mains	(197)	60	1%	0
Maint of Backflow Devices	0	0	0%	0
Backflow Dev Inspection/Survey	0	687	11%	503
Maint of Copper Services	3,279	4,590	92%	308
Maint of PB Service Lines	234	5,163	47%	13,706
Maint of Meters	0	24	1%	771
Detector Check Assembly Maint	0	0	0%	0
Maint of Hydrants	0	17	1%	0
Hydrant Operation	783	783	78%	0
Single Service Installation	0	0	-	1,660
TRANSMISSION & DISTRIBUTION	\$11,895	\$28,825	28%	\$30,760
CONSUMER ACCOUNTING				
Meter Reading	\$422	\$1,507	14%	\$1,342
Collection Expense - Labor	96	322	16%	246
Distributed from Novato (3.6%)	974	3,046	23%	3,003
CONSUMER ACCOUNTING	\$1,492	\$4,875	19%	\$4,590
WATER CONSERVATION				
Water Conservation Program	\$1,105	\$1,911	48%	\$108
TOTAL WATER CONSERVATION	\$1,105	\$1,911	48%	\$108
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (3.2%)	\$2,425	\$10,643	21%	\$11,182
GENERAL & ADMINISTRATIVE	\$2,425	\$10,643	21%	\$11,182
Depreciation (Note 5)	12,933	37,792	25%	36,979
TOTAL OPERATING EXPENSE	\$52,628	\$148,032	27%	\$126,669
OPERATING INCOME/(LOSS)	\$43,692	\$125,060	60%	\$117,306

**WEST MARIN WATER
 DETAIL INCOME STATEMENT
 FOR PERIOD ENDING SEPTEMBER 30, 2013**

	SEPTEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Interest - General Funds	\$12	\$45	-	\$0
Interest - FRC	68	248	8%	0
Interest - Bank of Marin Project Fund	229	771	-	756
Rents & Leases	0	0	0%	0
Tax Proceeds - OL-2 G.O. Bond	0	0	0%	1,052
Tax Proceeds - PR-2 Tax Allocation	5	144	0%	247
Other Non-Operating Revenue	0	36	4%	1,984
NON-OPERATING REVENUE	\$315	\$1,244	2%	\$4,038
NON-OPERATING EXPENSE				
Bank of Marin Loan Interest Expense	\$2,726	\$8,204	26%	\$8,669
PR-3 G.O. Bond Interest Expense	0	0	-	175
OL-2 G.O. Bond Interest Expense	32	95	32%	140
PRE-1 Revenue Bond Interest Exp	342	1,025	26%	1,149
PR-6 Revenue Bond Interest Exp	350	1,050	25%	1,150
Drought Loan Interest Expense	38	113	23%	140
Master Plan Update	2,143	3,529	35%	0
NON-OPERATING EXPENSE	\$5,629	\$14,016	27%	\$11,423
NET INCOME/(LOSS)	\$38,378	\$112,288	53%	\$109,921
BEGINNING FUND EQUITY				
NET INCOME/(LOSS)	38,378	112,288		109,921
CONTRIBUTED CAPITAL				
Developer 'In-Kind' Contributions	0	0		2,357
Connection Fees	0	0	0%	4,900
ENDING FUND EQUITY		\$4,278,458		\$4,255,631

**OCEANA MARIN SEWER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2013**

	SEPTEMBER 2013	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Sewer Service Charges	\$14,755	\$44,265	25%	\$39,498
Inspection Fees	0	140	-	0
TOTAL OPERATING REVENUE	\$14,755	\$44,405	25%	\$39,498
OPERATING EXPENSE				
SEWAGE COLLECTION				
Supervision & Engineering	\$1,017	\$3,364	48%	\$1,891
Operating Expense	191	267	13%	351
Facilities Location	224	224	22%	211
Maint of Lift Stations	0	0	0%	30
Electric Power	809	2,476	25%	2,513
SEWAGE COLLECTION	\$2,241	\$6,331	22%	\$4,996
SEWAGE TREATMENT				
Operating Expense	\$0	\$0	0%	\$839
Maint of Structures	0	0	0%	277
Maint of Equipment	44	708	71%	1,294
Laboratory Direct Labor	0	89	-	0
Lab Expense Distributed from Novato	4	52	-	0
Electric Power	1,015	2,708	45%	1,964
SEWAGE TREATMENT	\$1,063	\$3,557	14%	\$4,375
SEWAGE DISPOSAL				
Maint of Pump Stations	\$0	\$0	0%	\$4,239
Maint of Storage Ponds	0	0	0%	0
SEWAGE DISPOSAL	\$0	\$0	0%	\$4,239
CONTRACT OPERATIONS				
Contract Operations	\$5,311	\$15,934	24%	\$15,564
Equipment Replacements/Upgrades	0	0	0%	0
CONTRACT OPERATIONS	\$5,311	\$15,934	24%	\$15,564
CONSUMER ACCOUNTING				
Distributed from Novato (0.5%)	\$126	\$398	20%	\$806
CONSUMER ACCOUNTING	\$126	\$398	20%	\$806
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (1.0%)	\$786	\$3,451	22%	\$3,823
Liability Insurance	169	508	17%	676
GENERAL AND ADMINISTRATIVE	\$956	\$3,959	21%	\$4,499
Depreciation (Note 5)	4,747	14,269	29%	10,318
TOTAL OPERATING EXPENSE	\$14,444	\$44,449	22%	\$44,797
OPERATING INCOME/(LOSS)	\$311	(\$44)	0%	(\$5,299)

**OCEANA MARIN SEWER
DETAIL INCOME STATEMENT
FOR PERIOD ENDING SEPTEMBER 30, 2013**

	<u>SEPTEMBER 2013</u>	<u>YEAR TO DATE ACTUAL</u>	<u>YTD/ BUDGET%</u>	<u>PRIOR YTD ACTUAL</u>
<u>NON-OPERATING REVENUE</u>				
Rents & Leases	\$0	\$500	50%	\$500
Interest - Connection Fee Reserve	0	0	-	57
Interest - General Funds	84	307	31%	194
Interest - Self Insured WC Fund	1	4	-	2
Tax Proceeds - OM-1/OM-3 Tax Alloc	5	153	0%	263
Other Non-Operating Revenue	0	0	-	4
NON-OPERATING REVENUE	<u>\$90</u>	<u>\$964</u>	2%	<u>\$1,019</u>
<u>NON-OPERATING EXPENSE</u>				
NON-OPERATING EXPENSE	<u>\$0</u>	<u>\$0</u>	-	<u>\$0</u>
NET INCOME/(LOSS)	<u>\$402</u>	<u>\$920</u>	3%	<u>(\$4,280)</u>
BEGINNING FUND EQUITY		\$1,074,018		\$1,075,231
NET INCOME/(LOSS)	402	920		(4,280)
CONTRIBUTED CAPITAL				
Connection Fees	0	30,400	101%	0
ENDING FUND EQUITY		<u>\$1,105,338</u>		<u>\$1,070,951</u>

**NORTH MARIN WATER DISTRICT
ANALYSIS OF WORKER'S COMP, CONNECTION FEE AND CIR FUNDS
FOR PERIOD ENDING SEPTEMBER 30, 2013**

	TOTAL	NOVATO WATER	WEST MARIN WATER	OCEANA MARIN SEWER	RECYCLED WATER
<u>WORKERS' COMPENSATION FUND</u>					
WC Cash Balance 7/1/13	\$2,537	\$0	\$0	\$2,537	\$0
Less: Projected Prior FY Claims Liability	22,476	21,285	697	247	247
Add: Funds borrowed to subsidize operations	213,524	203,678	7,311	0	2,535
WC Reserve Balance 7/1/13	\$193,585	\$182,393	\$6,614	\$2,290	\$2,288
Add: WC Expense Charged to Operations FYTD	77,218	72,688	2,459	798	1,273
Interest Earned	266	262	0	4	0
Subtotal	\$271,069	\$255,344	\$9,073	\$3,092	\$3,561
Less: Claims Expense Paid	7,044	6,631	224	73	116
Excess Insurance Premium	12,319	11,596	392	127	203
Administration Fees	3,000	2,824	96	31	49
Correction to Prior Year Balance	0	0	0	0	0
WC Reserve Balance 9/30/13	\$248,706	\$234,292	\$8,361	\$2,861	\$3,192
Add: Projected Claims Liability	46,435	43,711	1,479	480	765
Funds borrowed to subsidize operations	(13,798)	0	(9,841)	0	(3,957)
WC CASH BALANCE 9/30/13	<u>\$281,344</u>	<u>\$278,003</u>	<u>\$0</u>	<u>\$3,340</u>	<u>\$0</u>
<u>CONNECTION FEE FUND</u>					
Connection Fee Cash Balance 7/1/13	\$166,157	\$13	\$166,144	\$0	
Add: funds borrowed to subsidize operations	(52,748)	0	0	(52,748)	
Connection Fee Reserve Balance 7/1/13	\$113,409	\$13	\$166,144	(\$52,748)	
Add: Connection Fees Collected FYTD	30,400	0	0	30,400	
Interest Earned	248	0	248	0	
Subtotal	\$144,057	\$13	\$166,392	(\$22,348)	
Less: Fees Expended FYTD	136,269	131,847	4,422	0	
Fees transferred to RWS FYTD (Note 15)	189,111	189,111	0	0	
Connection Fee Reserve Balance 9/30/13	(\$181,323)	(\$320,945)	\$161,970	(\$22,348)	
Less: Funds borrowed to subsidize operations	(343,293)	(320,945)	0	(22,348)	
CONNECTION FEE CASH BALANCE 9/30/13	<u>\$161,970</u>	<u>\$0</u>	<u>\$161,970</u>	<u>\$0</u>	
<u>CONSERVATION INCENTIVE RATE FUND</u>					
CIR Cash Balance 7/1/13	\$0	\$0	\$0		
Add funds borrowed to subsidize operations	55,912	0	55,912		
CIR Reserve Balance 7/1/13	\$55,912	\$0	\$55,912		
Add: CIR Charges Billed FYTD	35,569	31,659	3,910		
Regulation 15 Forfeitures	0	0	0		
Interest Earned	0	0	0		
Subtotal	\$91,481	\$31,659	\$59,822		
Less: CIR Funds Expended FYTD ¹	36,133	34,222	1,911		
Bill Adjustments	(2,563)	(2,563)	0		
CIR Reserve Balance 9/30/13	\$57,911	\$0	\$57,911		
Less funds borrowed to subsidize operations	57,911	0	57,911		
CIR CASH BALANCE 9/30/13	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		

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

**NORTH MARIN WATER DISTRICT
EQUIPMENT EXPENDITURES
PERIOD ENDING SEPTEMBER 30, 2013**

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	SEPTEMBER 2013	FYTD TOTAL	FY 13/14 BUDGET	(OVER) UNDER	Notes
1 INFORMATION SYSTEMS					
Administration					
a. Server Software Upgrade	\$0	\$250	\$9,000	\$8,750	c,1
	\$0	\$250	\$9,000	\$8,750	
2 ADMINISTRATION					
a. Phone System		\$0	\$35,000	\$35,000	c,1
	\$0	\$0	\$35,000	\$35,000	
3 ENGINEERING					
a. Multi-Function Wide-Carriage Copier (Used)		\$0	\$12,000	\$12,000	c,1
	\$0	\$0	\$12,000	\$12,000	
4 VEHICLE & ROLLING EQUIPMENT EXPENDITURES					
a. 3/4-ton 2WD Alternate Fuel Pickup w/Svc Body		\$0	\$30,000	\$30,000	c,1
b. 3/4-ton 2WD Alternate Fuel Pickup w/Svc Body		0	30,000	30,000	c,1
c. Propane Powered 5,000 lb Capacity Forklift		0	35,000	35,000	c,1
d. Hybrid 2WD Pickup		0	40,000	40,000	c,1
e. Hybrid 2WD Pickup		0	40,000	40,000	c,1
	\$0	\$0	\$175,000	\$175,000	
TOTAL EQUIPMENT EXPENDITURES	\$0	\$250	\$231,000	\$230,750	

Notes:

- (c) Capitalized
(1) Replacement item.

**NORTH MARIN WATER DISTRICT
OVERHEAD ACCOUNT ANALYSIS
FOR PERIOD ENDING SEPTEMBER 30, 2013**

	YEAR-TO-DATE ACTUAL	ANNUAL BUDGET	YTD/ BUDGET %
<u>Material Handling</u>			
Material Overhead Recovered (15%)	\$16,097	\$112,000	14%
Labor	\$17,752	\$101,000	18%
Materials, Supplies & Expense	1,212	6,000	20%
Correction to Inventory Counts	(1,641)	0	-
Depreciation	1,061	5,000	21%
	<u>\$18,384</u>	<u>\$112,000</u>	16%
Net Material Handling Gain / (Loss)	<u>(\$2,286)</u>	<u>\$0</u>	-
<u>Construction Supplies</u>			
Const Supplies Overhead Recovered (10%)	\$62,038	\$238,000	26%
Labor	\$15,474	\$74,000	21%
Materials, Supplies & Expense	19,274	78,000	25%
Small Tools	4,172	19,000	22%
Depreciation	1,119	5,000	22%
	<u>\$40,039</u>	<u>\$176,000</u>	23%
Net Constr Supplies Gain / (Loss)	<u>\$22,000</u>	<u>\$62,000</u>	35%
<u>Vehicle & Equipment</u>			
Vehicle & Equipment Recovered ¹	\$94,295	\$415,000	23%
Labor	\$15,949	\$102,000	16%
Materials, Supplies & Expense	7,954	57,000	14%
Fuel	30,581	110,000	28%
Depreciation	25,638	108,000	24%
	<u>\$80,123</u>	<u>\$377,000</u>	21%
Net Vehicle & Equip Gain / (Loss)	<u>\$14,173</u>	<u>\$38,000</u>	37%
<u>Payroll</u>			
Overheaded Payroll	\$1,715,990	\$7,203,000	24%
Salary Including Leave Time	\$1,087,078	\$4,555,000	24%
Employer FICA & Medicare Tax	81,828	342,000	24%
Insurance ²	224,302	985,000	23%
Retiree Medical	18,750	77,000	24%
CalPERS Retirement	270,640	1,063,000	25%
Unreconciled Difference	30,341		
	<u>\$1,712,939</u>	<u>\$7,022,000</u>	24%
Net Payroll Gain / (Loss)	<u>\$3,051</u>	<u>\$181,000</u> ³	
Total Overhead Gain / (Loss)	<u>\$36,937</u>	<u>\$281,000</u>	13%

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

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

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

**NORTH MARIN WATER DISTRICT
EXPENDITURES BY CATEGORY
FOR PERIOD ENDING SEPTEMBER 30, 2013**

OPERATING EXPENSE	Novato	Recycled	West Marin	Oceana Marin	YTD Total	Annual Budget	YTD Budget %	Prior YTD Actual	% Change
1 Salaries & Benefits	\$1,380,899	\$5,667	\$46,387	\$4,201	\$1,437,155	\$5,906,000	24%	\$1,343,870	7%
2 Water Purchases	1,945,449	0	0	0	1,945,449	4,552,000	43%	2,050,417	-5%
3 Depreciation	610,869	70,032	37,792	14,269	732,962	2,879,000	25%	673,564	9%
4 Materials, Services & Supplies	188,521	29,825	23,636	16,253	258,235	1,628,000	16%	301,385	-14%
5 Chemicals	196,326	1,132	0	0	197,458	445,000	44%	169,290	17%
6 Electric Power	135,670	922	14,322	5,184	156,097	391,000	40%	125,903	24%
7 Tools & Supplies (Distrib)	46,656	170	3,629	75	50,528	173,000	32%	44,516	14%
8 Vehicles and Equipment (Distrib)	56,444	247	3,569	110	60,370	236,000	26%	51,677	17%
9 Retiree Medical Expenses	39,012	0	0	0	39,012	157,000	25%	41,591	-6%
10 Office Supplies & Postage	28,806	0	0	0	28,806	116,000	25%	17,791	62%
11 Water Conservation Rebates	15,502	0	0	0	15,502	90,000	17%	18,285	-15%
12 Insurance & Claims	17,969	0	0	508	18,478	101,000	18%	18,850	-2%
13 Overhead Charges (Gain)/Loss	(37,343)	0	0	0	(37,343)	(265,000)	14%	(22,627)	65%
14 Distributed Costs	(127,455)	5,567	18,698	3,849	(99,341)	(363,000)	27%	(93,606)	6%
15 Total Operating Expense	\$4,393,871	\$217,016	\$148,032	\$44,449	\$4,803,368	\$16,046,000	30%	\$4,726,930	2%
16 Interest Expense & Other*	143,442	94,729	10,487	0	248,657	991,000	25%	265,267	-6%
17 Total Expense	\$4,537,312	\$311,745	\$158,519	\$44,449	\$5,052,026	\$17,037,000	30%	\$4,992,197	1%
<u>Warehouse, Shop & Yard</u>									
18 Salaries & Benefits	\$32,063	\$0	\$0	\$0	\$32,063	\$314,000	10%	\$56,514	-43%
19 Materials, Services & Supplies	88,279	0	0	0	88,279	284,000	31%	100,191	-12%
20 Distributed Costs	(120,342)	0	0	0	(120,342)	(598,000)	20%	(156,705)	-23%
21 Total W/H, Shop & Yard	\$0	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
<u>District Capital Outlay</u>									
22 Salaries & Benefits	\$134,297	\$25,091	\$35,742	\$0	\$195,130	\$767,000	25%	\$209,049	-7%
23 Equipment	3,669	0	0	0	3,669	231,000	2%	10,305	-64%
24 Debt Principal Payments	79,053	85,124	19,629	0	183,805	1,529,000	12%	87,405	110%
25 Materials, Services & Supplies	462,571	321,569	33,246	0	817,386	7,611,000	11%	2,836,632	-71%
26 Total District Capital Outlay	\$679,590	\$431,783	\$88,617	\$0	\$1,199,990	\$10,138,000	12%	\$3,143,390	-62%
<u>Developer Funded Projects</u>									
27 Salaries & Benefits	\$69,177	\$0	\$0	\$0	\$69,177	\$212,000	33%	\$49,693	39%
28 Materials, Services & Supplies	95,119	0	(4,571)	0	90,547	276,000	33%	75,947	19%
29 Total Developer Projects	\$164,295	\$0	\$(4,571)	\$0	\$159,724	\$488,000	33%	\$125,640	27%
30 Total	\$5,381,198	\$743,528	\$242,565	\$44,449	\$6,411,740	\$27,663,000	23%	\$8,261,227	-22%

*Includes Interfund Interest

**NORTH MARIN WATER DISTRICT
VEHICLE FLEET ANALYSIS
FOR PERIOD ENDING SEPTEMBER 30, 2013**

Year	Description	Veh#	Assigned	Fiscal Year to Date			Vehicle Cost per Mile					
				Mileage	Expense ¹	Recovery ²	Gain/(Loss)	Mileage	Life to Date	FYTD	FY13	FY12
1	1993 Ford F250 4x4	29	Cilia	390	\$431	\$480	\$49	139,370	\$0.58	\$1.11	\$1.19	\$0.79
2	1994 GMC C1500	30	STP	384	\$0	\$12	\$12	135,544	\$0.31	\$0.00	\$0.72	\$0.94
3	1999 Dodge Ram 1500	32	Engineering	0	\$794	\$0	(\$794)	70,488	\$0.44	\$0.00	\$0.54	\$0.54
4	2000 Dodge Dakota	40	Pool	1,976	\$1,107	\$1,509	\$402	106,943	\$0.47	\$0.56	\$0.41	\$0.98
5	2001 Dodge Ram 1500	41	On-Call	2,658	\$1,865	\$1,228	(\$638)	117,473	\$0.53	\$0.70	\$0.49	\$0.55
6	2001 Dodge Dakota	42	Bynum	606	\$609	\$414	(\$195)	120,256	\$0.35	\$1.01	\$0.69	\$0.45
7	2002 Chev K1500 4x4	47	Engineering	336	\$86	\$201	\$115	104,657	\$0.34	\$0.25	\$0.54	\$0.56
8	2003 Dodge Dakota 4x4	49	Stompe	1,168	\$375	\$527	\$152	77,434	\$0.40	\$0.32	\$3.08	\$0.74
9	2003 Chev C1500	51	Pool	2,094	\$604	\$2,097	\$1,493	103,197	\$0.37	\$0.29	\$0.69	\$0.56
10	2004 Chev C1500	53	Kurfirist	1,896	\$1,720	\$1,842	\$122	99,983	\$0.43	\$0.91	\$0.69	\$0.69
11	2004 Chev C1500 Xtra Cab	54	Mello	1,319	\$741	\$465	(\$276)	76,161	\$0.38	\$0.56	\$0.42	\$0.80
12	2005 Honda Civic Hybrid	56	Lab	2,534	\$610	\$1,250	\$640	61,988	\$0.21	\$0.24	\$0.16	\$0.30
13	2005 Honda Civic Hybrid	57	Engineering	1,929	\$209	\$717	\$507	40,484	\$0.20	\$0.11	\$0.13	\$0.36
14	2005 Ford Ranger	58	Roberto	3,832	\$1,991	\$2,208	\$217	96,116	\$0.44	\$0.52	\$0.37	\$0.64
15	2005 Ford Ranger	59	Venegas	4,049	(\$822)	\$2,402	\$3,224	90,959	\$0.43	(\$0.20)	\$0.76	\$0.49
16	2006 Chev Colorado	501	Moore	2,766	\$755	\$2,986	\$2,230	103,863	\$0.36	\$0.27	\$0.40	\$0.39
17	2007 Chev K2500 4x4	502	Corda, Joe	2,076	\$973	\$4,159	\$3,186	62,098	\$0.53	\$0.47	\$0.51	\$0.85
18	2007 Chev Colorado	504	Grisso	1,200	\$388	\$1,199	\$811	29,618	\$0.40	\$0.32	\$0.35	\$0.39
19	2008 Ford F250 4x4	505	Arendell	3,091	\$1,464	\$5,488	\$4,024	63,942	\$0.68	\$0.47	\$0.82	\$0.69
20	2008 Ford F250 4x4	506	STP	1,715	\$574	\$649	\$75	36,165	\$0.85	\$0.33	\$0.85	\$0.90
21	2008 Chev Colorado 4x4	509	Lemos	3,353	\$787	\$2,121	\$1,334	63,857	\$0.32	\$0.23	\$0.31	\$0.30
22	2009 Toyota Prius Hybrid	510	Clark	2,637	\$594	\$1,194	\$599	69,791	\$0.18	\$0.23	\$0.21	\$0.18
23	2010 Ford F150 4x4	511	STP	1,412	\$533	\$836	\$303	36,371	\$0.42	\$0.38	\$0.37	\$0.40
24	2010 Ford F150	512	Ortiz	3,473	\$1,452	\$1,408	(\$44)	53,357	\$0.45	\$0.42	\$0.41	\$0.58
25	2010 Ford F150	513	LeBrun	1,510	\$473	\$1,661	\$1,188	24,824	\$0.46	\$0.31	\$0.45	\$0.46
26	2012 Ford F250	515	Reed	2,443	\$1,362	\$5,841	\$4,479	7,014	\$0.68	\$0.56	\$0.75	-
27	2012 Ford F250	516	Castellucci	2,423	\$1,385	\$3,640	\$2,254	7,604	\$0.67	\$0.57	\$0.71	-
Total 3/4 Ton & Under				53,270	21,061	46,531	25,470	1,999,557	\$0.42	\$0.40	\$0.51	\$0.55
1	1999 Ford F350 W/Svc Body	19	Pool	96	\$359	\$110	(\$249)	127,969	\$0.73	\$3.74	\$1.40	\$1.40
2	2002 Int'l 5 Yd Dump	44	Rupp	2,723	\$2,757	\$5,253	\$2,496	77,746	\$1.52	\$1.01	\$2.02	\$2.02
3	1999 Ford F550 3-Yd Dump ³	52	Crew	468	\$498	\$2,093	\$1,595	75,240	\$0.93	\$1.06	\$5.46	\$5.46
4	1999 Int'l 5 Yd Dump ⁴	55	Crew	989	\$2,510	\$3,358	\$848	67,588	\$1.36	\$2.54	\$2.20	\$2.20
5	2006 Int'l 4300 Crew	503	Reed	669	\$1,174	\$4,142	\$2,968	24,046	\$2.63	\$1.75	\$1.82	\$1.82
6	2008 Ford F350 4x4	507	Latanyszyn	3,748	\$2,604	\$5,513	\$2,909	64,764	\$0.85	\$0.69	\$1.15	\$1.15
7	2009 Peterbilt 335 Crew	508	Kehoe	781	\$1,356	\$5,764	\$4,408	17,515	\$1.96	\$1.74	\$2.81	\$2.81
8	2012 Int'l 5 Yd Dump	514	Sjoblom	1,430	\$1,983	\$4,796	\$2,813	9,295	\$1.79	\$1.39	\$2.50	\$2.50
Total 1 Ton & Over				10,904	\$13,241	\$31,028	\$17,787	464,163	\$1.17	\$1.21	\$1.84	\$1.84

¹ Expense amount shown excludes depreciation (approximately \$60,000 for FY14).

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

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

⁴ Purchased used in 2008 with 30,708 miles. Mileage shown is total incurred since District purchase.

**NORTH MARIN WATER DISTRICT
WATER CONSERVATION PROGRAM DETAIL
FOR PERIOD ENDING SEPTEMBER 30, 2013**

Description		COST THRU JUNE 2013	SEPTEMBER 2013	FYTD TOTAL	FY 13/14 BUDGET	(OVER) UNDER	TOTAL COST
NOVATO							
a. Residential							
1-7700-01	1 Cash for Grass	\$227,131	\$1,798	\$5,403	\$24,000	\$18,597	\$232,535
1-7700-02	2 Landscape Efficiency Rebates	28,396	17	219	7,500	7,281	28,616
1-7700-03	3 Fixtures Purchases	32,581	0	0	5,000	5,000	32,581
1-7700-06	4 Washing Machine Rebates	306,143	2,149	5,811	20,000	14,189	311,955
1-7700-07	5 Demonstration Garden Improvements	54,377	0	0	500	500	54,377
1-7700-11	6 Toilet Rebate SF	864,964	1,691	5,758	34,000	28,242	870,723
1-7700-12	7 Toilet Rebate MF	18,081	0	92	4,000	3,908	18,173
1-7700-13	8 Residential Audits	214,879	1,714	4,472	50,000	45,528	219,351
1-7700-16	9 Water Waste Ordinance Monitoring	29,922	0	182	10,000	9,818	30,104
1-7700-17	10 Swimming Pool Cover Rebate	226	0	0	0	0	226
1-7700-19	11 ET Controller Rebate	21,375	360	2,777	8,000	5,223	24,152
1-7700-08	12 Administration	932,763	8,817	27,014	125,000	97,986	959,777
1-7700-20	13 New Development Wtr Cons Program	39,228	374	1,228	8,000	6,772	40,456
1-7700-21	14 Demand Offset Rebate Program	1,195	0	0	2,000	2,000	1,195
1-7700-23	15 Grant Administration	637	0	0	0	0	637
	16 Admin Exp Distrib to WM Water (3.6%)	(3,997)	(317)	(973)	0	973	(4,970)
b. Commercial							
1-7701-02	1 Toilet Rebate Program	64,927	0	0	10,000	10,000	64,927
1-7701-03	2 Commercial Audits	6,256	0	0	15,000	15,000	6,256
c. Public Outreach/Information							
1-8672-16	1 Fall Newsletter	38,084	0	0	8,000	8,000	38,084
1-8672-17	2 Spring Newsletter	50,469	0	0	12,000	12,000	50,469
1-8672-18	3 Summer Newsletter	5,139	0	0	4,000	4,000	5,139
1-7700-04	4 Public Outreach / H ₂ O Fair	84,932	855	2,175	10,000	7,825	87,107
1-7700-05	5 Marketing	116,667	0	2,165	16,000	13,835	118,832
1-7700-22	6 Public Outreach/Leadership Novato	9,409	0	0	0	0	9,409
d. Large Landscape							
1-8653-02	1 Large Landscape Audits	73,127	273	3,328	10,000	6,672	76,455
1-7702-01	2 Large Landscape Budgets	25,617	366	895	3,000	2,105	26,512
1-7702-02	3 Large Landscape Irrig Efficiency Rebates	11,376	0	1,050	5,000	3,950	12,426
1-8653-01	4 CIMIS Station Maintenance	18,653	0	0	2,000	2,000	18,653
1-7702-03	6 Administration-Large Landscape	22,607	0	455	7,000	6,545	23,062
TOTAL NOVATO WATER CONSERVATION		\$3,295,164	\$18,094	\$62,052	\$400,000	\$337,948	\$3,357,216
WEST MARIN WATER							
2-5166-00	a. Water Conservation Program	\$39,250	\$788	\$938	\$2,000	\$1,062	\$40,188
	b. Administrative Exp distributed from Novato (3.6%)	3,997	317	973	2,000	1,027	4,970
		\$43,247	\$1,105	\$1,911	\$4,000	\$2,089	\$45,158
TOTAL WATER CONSERVATION EXPENDITURES¹		\$3,338,411	\$19,200	\$63,963	\$404,000	\$340,037	\$3,402,374

¹Does not include \$267,000 (\$33.53/AF) paid to SCWA for their water conservation services provided to NMWD.

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING SEPTEMBER 30, 2013**

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Description	COST THRU JUNE 2013	SEPTEMBER 2013	FYTD TOTAL	FY 13/14 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
1 PIPELINE REPLACEMENTS/ADDITIONS						
a. Main/Pipeline Replacements						
1-7067-20 1 So Novato Blvd-Rowland to Sunset (12"CI @ 1,500')	\$0	\$0	\$63	\$100,000	\$99,937	\$63
1-7130-00 2 STP 18" Transmission Line Assess/Repair (13,200')	10,358	3,822	7,008	0	(7,007)	17,365
1-7134-00 3 Digital to Leveroni Looping (8"@600')	18,535	323	1,052	0	(1,051)	19,587
1-7135-00 4 Delong to Cain Looping (8"@400')	0	92,434	94,476	0	(94,475)	94,476
1-7139-00 5 PB Repl-City Measure A, Group 5	37,364	0	937	0	(937)	38,301
1-7142-00 6 Shields Ln 6" Cast Iron (6" @ 120')	0	1,656	12,753	225,000	212,247	12,753
1-7143-00 7 Ashley Ct 2" Thinwall Plastic (6" @ 200')	0	0	364	40,000	39,636	364
1-7144-00 8 Grant/4th 1" Galvanized Steel (6" @ 400')	0	3	636	100,000	99,364	636
9 Other Pipeline Replacements (60+ years old)	0	0	0	35,000	35,000	0
b. Main/Pipeline Additions						
1-7145-00 1 Zone A Pressure Improvements - Ignacio	0	2,190	11,980	250,000	238,020	11,980
c. PB Service Line Replacements						
1-7123-11 1 Pacheco Valle (42 Svcs)	2,833	0	0	125,000	125,000	2,833
2 Replace PB in Sync w/City Paving (45 Svcs)	0	0	0	135,000	135,000	0
1-7123-14 3 Atherton Oaks/Clay Ct (11 Svcs)	0	0	0	33,000	33,000	0
1-7123-15 4 Atherton Oaks/Summit Lane (20 Svcs)	0	0	0	60,000	60,000	0
1-7067-10 5 Sunset Parkway/Cambridge 12" @ 600'	164,629	33	268	0	(268)	164,897
6 Other PB Replacements	0	0	0	47,000	47,000	0
d. Relocations to Sync w/City & County CIP						
1 Other Relocations	0	0	0	80,000		
TOTAL PIPELINE REPLACEMENTS/ADDITIONS	233,719	100,462	129,537	1,230,000	1,020,467	363,256
e. Aqueduct Replacements & Enhancements						
1-7118-01 1 MSN B1-Utility Agreement Costs	170,766	(14,833)	12,996	0	(12,996)	183,762
1-7118-02 2 MSN B2-Utility Agreement Costs	27,699	1,652	2,467	0	(2,467)	30,166
1-7118-03 3 MSN B3-Utility Agreement Costs	126,647	20,700	33,921	0	(33,921)	160,568
1-7118-04 4 AEEP Permitting & Design	680,441	41,245	56,204	4,600,000	4,543,796	736,645
1-7118-05 5 AEEP Legal Challenge/Litigation	10,679	0	0	0	0	10,679
1-7118-07 7 AEEP- B1 Construction	67,347	93,961	136,436	0	(136,436)	203,783
1-7118-08 8 AEEP- B2 Construction	763	0	0	0	0	763
1-7118-09 9 AEEP- B3 Construction	4,490	0	172	0	(172)	4,662
1-7118-10 10 MSN Aq Caltrans Reimb - Seg B2 Gunn Dr ⁵	7,597	627	32,211	0	(32,211)	39,808
1-7118-17 11 AEEP B1 Betterment & Depreciation Cost	103,188	64,587	151,742	0	(151,742)	254,929
1-7118-18 12 AEEP B2 Betterment & Depreciation Cost	0	0	270	0	(270)	270
TOTAL AQUEDUCT REPLACEMENTS AND ENHANCEMENTS	\$1,199,617	\$207,938	\$426,418	\$4,600,000	\$4,173,582	\$1,626,035

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING SEPTEMBER 30, 2013**

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Description	COST THRU JUNE 2013	SEPTEMBER 2013	FYTD TOTAL	FY 13/14 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
2 SYSTEM IMPROVEMENTS						
1-7008-10 a. RTU Upgrades	\$0	\$0	\$480	\$10,000	\$9,520	\$480
1-8677-19 b. Flushing taps at Dead-Ends (12 biennially)	0	425	2,040	50,000	47,960	2,040
1-7007-08 c. Detector Check Assembly Repair/Repl (~14/yr)	0	0	1,732	150,000	148,268	1,732
1-7090-02 d. Anode Installations (150/yr)	1,618	0	0	30,000	30,000	1,618
1-7132-01 e. Radio Expansion Telemetry Upgrades	0	0	0	25,000	25,000	0
1-7054-04 f. Inaccurate Meter Replacement	0	1,259	1,953	10,000	8,047	1,953
1-7137-00 g. Backflow Device Upgrade-BMK (15 Svcs)	15,732	0	0	30,000	30,000	15,732
1-7146-00 h. Tank Access Hatch/Level Alarms (10 sites)	0	0	45	35,000	34,955	45
TOTAL SYSTEM IMPROVEMENTS	\$17,350	\$1,684	\$6,250	\$340,000	\$333,750	\$23,599
3 BUILDINGS, YARD, & S.T.P. IMPROVEMENTS						
a. Administration Building						
1-6501-43 1 Electronic Document Management System	\$0	\$0	\$0	\$150,000	\$150,000	\$0
1-6501-41 2 Admin Office/Lab/Yard Remodel Plan	0	0	0	50,000	50,000	0
b. Corp Yard/Warehouse/Construction Office						
1-6502-46 1 SMART Crossing Upgrade (@ Golden Gate Pl)	0	0	0	58,000	58,000	0
c. Stafford Treatment Plant						
1-6600-70 1 Watershed Erosion Control	34,154	0	0	25,000	25,000	34,154
1-6600-54 2 Start-Up Flushing Connection	8,539	0	0	225,000	225,000	8,539
1-6600-80 3 Lake Aeration Upgrade	28,088	0	0	25,000	25,000	28,088
TOTAL BUILDING, YARD, & STP IMPROVEMENTS	\$70,782	\$0	\$0	\$533,000	\$533,000	\$70,782
4 STORAGE TANKS & PUMP STATIONS						
1-6201-21 a. Atherton Recoat/Mixing System	\$4,324	\$6,365	\$27,420	\$700,000	\$672,580	\$31,745
1-6112-24 b. Lynwood Pump Station Motor Control Center	36,722	0	2,629	190,000	187,371	39,351
1-6141-00 c. Relocate School Rd/Crest P.S.	6,903	1,991	4,614	100,000	95,386	11,517
TOTAL STORAGE TANKS & PUMP STATIONS	\$47,949	\$8,355	\$34,663	\$990,000	\$955,337	\$82,612
5 RECYCLED WATER						
5-7127-00 a. NBWRA Grant Program Administration	\$870,080	\$0	\$72,982	\$100,000	\$27,018	\$943,062
5-6055-20 b. RW Expansion N Svc Area-Retrofit-Private Property ²	160,192	0	0	0	0	160,192
5-6055-21 c. RW Expansion N Svc Area-Retrofit-Govt Property ²	40,889	0	0	0	0	40,889
5-6055-22 d. RW Expansion N Svc Area-Onsite Retrofit-Const	248,322	0	(13,358)	0	13,358	234,964
5-6055-23 e. RW Expansion N Svc Area-Group 2 Site Retrofit	42,819	0	27,866	0	(27,866)	70,685
5-6056-01 f. Expansion to South Svc Area-Non ARRA	1,920	0	0	0	0	1,920
5-6056-11 g. Expansion to South Svc Area-Phase 1A ^{1,2}	1,439,878	521	619	100,000	99,381	1,440,498
5-6056-12 h. Expansion to South Svc Area-Phase 1B ^{1,2}	3,863,789	2,003	17,258	0	(17,258)	3,881,047
5-6056-13 i. Expansion to South Svc Area-Phase 2 ^{1,3}	1,963,783	5,248	163,057	0	(163,057)	2,126,840
5-6056-14 j. Expansion to South Svc Area-Bolling Circle PS	102,794	(3,505)	3,343	0	(3,343)	106,137
5-6056-15 k. Expansion to South Svc Area-Phase 1B-Claims	9,816	0	1,457	0	(1,457)	11,273
5-6056-16 l. RW Expansion S Svc Area-PH1A Post Mitigation Monitoring	0	727	727	0	(727)	727
5-6056-20 m. RW Expansion S Svc Area-Retrofit-Private Property ^{2,4}	349,653	0	0	0	0	349,653
5-6056-21 n. RW Expansion S Svc Area-Retrofit-Govt Property ²	138,542	0	1,000	0	(1,000)	139,543
5-6056-23 o. RW Expansion S Svc Area-Group 2 Site Retrofit	128,457	0	71,708	0	(71,708)	200,165

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING SEPTEMBER 30, 2013**

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Description	COST THRU JUNE 2013	SEPTEMBER 2013	FYTD TOTAL	FY 13/14 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
TOTAL RECYCLED WATER	\$9,360,935	\$4,993	\$346,660	\$200,000	(\$146,660)	\$9,707,595
6 WEST MARIN WATER SYSTEM						
<u>System Improvements:</u>						
2-6601-32 a. TP Solids Handling & Land Acquisition ⁷	\$183,261	\$0	\$678	\$200,000	\$199,322	\$183,939
2-6601-35 b. Treatment Plant Control Valve Replacement	6,104	0	0	25,000	25,000	6,104
2-6604-20 c. Gallagher Auxiliary Stream Gauge	299	18,881	33,915	30,000	(3,915)	34,214
2-6130-21 d. Olema PS Flood Protection & RTU Upgrade	0	0	0	100,000	100,000	0
2-7147-00 e. Emergency Generator Connections	0	0	0	15,000	15,000	0
2-6257-20 f. Pt Reyes Tank #2 & #3 Seismic Piping Upgrade	38,928	52	1,737	65,000	63,263	40,664
2-7087-01 g. Gallagher Well & Pipeline Design	14,631	14,344	32,658	0	(32,658)	47,289
TOTAL WEST MARIN WATER SYSTEM	\$243,222	\$33,277	\$68,988	\$435,000	\$366,012	\$312,210
7 OCEANA MARIN SEWER SYSTEM						
8-8672-27 a. Infiltration Repair-FY14	\$0	\$0	\$0	\$15,000	\$15,000	\$0
8-7148-00 b. SCADA RTU Upgrade and Install	0	0	0	35,000	35,000	0
TOTAL OCEANA MARIN SEWER SYSTEM	\$0	\$0	\$0	\$50,000	\$50,000	\$0
TOTAL PROJECT EXPENDITURES	\$11,173,573	\$356,710	\$1,012,516	\$8,378,000	\$7,285,488	\$12,186,089
8 LESS FUNDED BY GRANTS, LOANS & REIMBURSEMENTS						
<u>(Accrued)/Deferred</u>						
a. RW Expansion - South Service Area Grant ^{2,3,4}	(960,891)	(21,870)	701,381	1,099,000	397,619	(259,510)
b. RW - South Service Area Loan ¹	(3,330,590)	(5,438)	2,776,555	3,472,000	695,445	(554,036)
c. MSN Aqueduct Caltrans Reimb-Segment B1-B3 ⁵	(201,671)	(7,518)	69,979	0	(69,979)	(131,692)
d. AEEP Segment B1-B3 ⁵	6,308,782	(41,245)	(56,204)	(2,400,000)	(2,343,796)	6,252,578
e. AEEP- B1 Construction ⁶	(40,665)	4,507	(37,967)	0	37,967	(78,632)
f. AEEP- B2 Construction ⁶	(763)	0	0	0	0	(763)
g. AEEP- B3 Construction ⁶	(4,490)	0	(172)	0	172	(4,662)
h. MSN Aqueduct Caltrans Reimb-Segment B2 Gunn Dr ⁵	(7,597)	(627)	(32,211)	0	32,211	(39,808)
i. AEEP B1 Betterment & Depreciation Cost	(103,188)	(64,587)	(151,742)	0	151,742	(254,929)
j. TP Solids Handling & Land Acquisition ⁷	644,118	0	(509)	(200,000)	(199,491)	643,609
FUNDING BY OTHERS (ACCRUED)/DEFERRED	\$2,303,045	(\$136,778)	\$3,269,111	\$1,971,000	(\$1,298,111)	\$5,572,156
<u>Received</u>						
a. RW Expansion - South Service Area Grant ^{2,3,4}	(1,030,785)	0	(839,454)	(1,099,000)	(259,546)	(1,870,239)
b. RW - South Service Area Loan ¹	(2,005,890)	0	(2,911,791)	(3,472,000)	(560,209)	(4,917,681)
c. MSN Aqueduct Caltrans Reimb-Segment B1-B3 ⁵	0	0	(119,362)	(2,200,000)	(2,080,638)	(119,362)
d. AEEP Segment B1-B3 ⁵	(7,123,441)	0	0	0	0	(7,123,441)
e. AEEP- B1 Construction ⁶	(26,584)	(98,469)	(98,469)	0	98,469	(125,053)
f. AEEP- B2 Construction ⁶	0	0	0	0	0	0
g. AEEP- B3 Construction ⁶	0	0	0	0	0	0
h. MSN Aqueduct Caltrans Reimb-Segment B2 Gunn Dr ⁵	0	0	0	0	0	0
i. TP Solids Handling & Land Acquisition ⁷	(781,564)	0	0	0	0	(781,564)
FUNDING BY OTHERS RECEIVED	(\$10,968,264)	(\$98,469)	(\$3,969,076)	(\$6,771,000)	(\$2,801,924)	(\$14,937,340)
NET PROJECT EXPENDITURES	\$2,508,354	\$121,464	\$312,551	\$3,578,000	\$3,185,453	\$2,820,904

**NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING SEPTEMBER 30, 2013**

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Description	COST THRU JUNE 2013	SEPTEMBER 2013	FYTD TOTAL	FY 13/14 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
CIP SUMMARY-GROSS EXPENDITURES:		Current Month	FYTD Total	FY 13/14 Budget	FYTD/ Budget%	
Novato Water Capital Projects		\$318,440	\$596,868	\$7,693,000	8%	
Novato Recycled Water Capital Projects		4,993	346,660	200,000	173%	
West Marin Water Capital Projects		33,277	68,988	435,000	16%	
Oceana Marin Sewer Capital Projects		0	0	50,000	0%	
Gross Capital Improvement Project Outlays		\$356,710	\$1,012,516	\$8,378,000	12%	
CIP SUMMARY-NET EXPENDITURES:		Current Month	FYTD Total	FY 13/14 Budget	FYTD/ Budget%	
Novato Water Capital Projects		\$110,502	\$170,720	\$3,093,000	6%	
Novato Recycled Water Capital Projects		(22,315)	73,350	200,000	37%	
West Marin Water Capital Projects		33,277	68,480	235,000	29%	
Oceana Marin Sewer Capital Projects		0	0	50,000	0%	
Net Capital Improvement Project Outlays		\$121,464	\$312,551	\$3,578,000	9%	

Notes to Capital Improvement Projects Schedule:

- (1) Non-Grant Funded RWS Expansion Costs will be funded by a low-interest rate State Revolving Fund Loan equal to 75% of the project cost, less 25% of the overhead.
- (2) The District will receive ARRA Federal Grant Funding equal to 25% of the project cost less overhead.
- (3) The District will receive Watersmart Federal Grant Funding equal to 25% of the project cost, less overhead.
- (4) The District will receive State Prop 84 Grant Funding equal to project cost less overhead.
- (5) The District anticipates receiving reimbursement from Caltrans for 100% of costs charged to jobs 1.7118.01-1.7118.03, & 1.7118.10.
- (6) The District anticipates receiving partial reimbursement from Caltrans for costs charged to jobs 1.7118.07-1.7118.09.
- (7) Funding provided 75% by Bank of Marin Loan & 25% by connection fees.

North Marin Water District Financial Statement Notes

Note 1 - Restricted Cash

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

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

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

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

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

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

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

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

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

Note 2 - Designated Cash

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

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

Retiree Medical Benefits Fund: NMWD pays the cost of health insurance for retirees between the ages of 55 and 65 and spouse under any group plan offered by CalPERS. The retiree must be at least 55 and have a minimum of 12 years of service at the date of retirement. NMWD's contribution toward the chosen plan is capped in the same manner as all other NMWD employees in the same class. Coverage terminates for the spouse when the spouse becomes eligible for Medicare, or for both the retiree and spouse when the retiree becomes eligible for Medicare. When the retiree or spouse becomes eligible for Medicare, NMWD pays up to the couple annuitant rate, which is capped at \$3,830 per year (\$319/month). In August 2003, NMWD transferred \$2.55 million (\$2.3 million for current retirees plus \$250,000 for future retirees) from unrestricted cash into a reserve to fund this obligation. In 2010 the Board directed staff to add \$1,500 per employee annually as a payroll overhead to accrue and accelerate amortization of this liability. In 2013 an Actuarial Analysis calculated NMWD's total actuarial liability at \$4.2 million. This reserve fund earns interest monthly, and currently has a balance of \$3.2 million. Accounting Standards require that the \$4.2M reserve be fully funded in 20 years.

Drought Contingency (Rate Stabilization) Fund: In August 2008, the Board directed staff to establish this reserve with \$135,000 from the Self-Insured Workers' Compensation Fund for the Novato district to draw upon during dry years. A threshold of 3.2 billion gallons of potable consumption was established as a benchmark for 'normal' years. During any fiscal year that water sales volume exceeds 3.2BG, the incremental revenue generated is deposited into the Drought Contingency Reserve. In those years when sales volume falls below the benchmark, funds are withdrawn from the reserve to maintain the budgeted revenue forecast. The goal is to build a reserve equal to 20% (currently \$2,000,000) of budgeted annual water sales. In FY09 \$50,335 was added to the reserve. The fund balance accrues interest monthly. The fund was fully depleted in FY10.

Maintenance Accrual Fund: Established in FY91 to provide a source of maintenance money for replacement of treatment, storage, transmission and distribution facilities as they wear out. The annual contribution from operating reserves was initially \$200,000. Net polybutylene claim settlement proceeds of \$671,060 were closed into the fund in FY 93. In FY 94 the annual contribution was reduced to \$100,000. The District's goal is to build a reserve equal to 10% of the net book value of Novato's existing plant, currently \$6.8M. Funds are borrowed from the Maintenance Accrual Fund to offset the shortfall in unrestricted Cash & Investments. The fund balance does not accrue interest.

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

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

Note 3 – Employee Loans

Housing Loans: The District's Employer Assisted Housing Program allows up to \$300,000 to be loaned to an employee for a period of up to 15 years for the purchase of a home within the District service territory that will enable the employee to respond rapidly to emergencies affecting the operation of the District. Repayment is due upon sale, termination of employment, or other event as described in the Program. Interest on the loan is contingent upon and directly proportional to the appreciation in value occurring on the purchased property. There are eight employee-housing loans currently outstanding totaling \$1,441,785: a \$250,000 loan dated August 2004, a \$39,200 loan dated September 2004, a \$300,000 loan dated October 2006, a \$140,000 loan dated September 2007, a \$150,000 loan dated November 2007, a \$125,000 loan dated July 2008, a \$192,585 loan dated October 2008, and a \$245,000 loan dated June 2010.

Housing Loan Impairment: The Employer Assisted Housing Loans outstanding were written down by \$110,000 at June 30, 2013, representing the impairment in value of the second deeds of trust due to the decline in market value of the homes financed since the purchase date.

Personal Computer Loans: Up to \$3,500 may be loaned to an employee for a period of up to 36 months under the District's Personal Computer Loan Program. Loans are repaid with interest at the rate earned on the District's investment portfolio at the time of the loan plus one percent. Currently there are 2 employee loans outstanding totaling \$1,720.

Note 4 – Purchased Water Capital Component

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

Note 5 – Depreciation

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

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

Note 6 - Capitalization Policy

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

Note 7 – Bond & Loan Servicing Schedule for Fiscal Year 2013-2014

Service Area	Description	Issue Date	Rate	Original Amount	Payment Due	Final Pmt	FY14		6/30/14 Outstanding Balance
							Interest	Principal	
1 Novato	EDA Loan	1977	5.0%	\$351,770	7/1	7/1/17	\$3,262	\$15,162	\$65,445
2 Novato	SRF Loan - STP	2004	2.39%	\$16,528,850	7/1 & 1/1	7/1/29	\$326,027	\$718,448	\$13,101,376
3 Novato	Bank Marin Loan	2011	3.54%	\$7,000,000	27 th /mo	10/27/31	\$220,209	\$261,833	\$6,254,229
Novato Total							\$549,498	\$995,443	\$19,421,040
4 RW TP	SRF Loan	2006	2.4%	\$4,302,560	6/19	6/19/27	\$77,236	\$196,131	\$3,022,026
5 RW North	SRF Loans (4)	2013	2.6%	\$4,375,605	Varies	Varies	\$93,811	\$188,081	\$4,082,743
6 RW South	SRF Loans (3)	2013	2.2%	\$4,552,077	Varies	Varies	\$64,137	\$217,459	\$4,375,359
Recycled Water Total							\$235,184	\$601,671	\$11,480,128
7 Olema	OL-2 GO Bond	1975	5.0%	\$70,000	1/1	1/1/15	\$382	\$3,731	\$3,921
8 Point Reyes	EDA Loan	1977	5.0%	\$46,000	7/1	7/1/17	\$451	\$2,252	\$9,057
9 PRE	PRE-1 Revenue	1980	5.0%	\$240,000	10/1 & 4/1	4/1/20	\$4,100	\$10,000	\$73,000
10 Point Reyes	PR-6 Revenue	1981	5.0%	\$217,800	7/1 & 1/1	7/1/21	\$4,200	\$9,000	\$75,000
11 WM Water	Bank Marin Loan	2012	3.54%	\$1,000,000	27 th /mo	10/27/31	\$32,324	\$38,434	\$924,422
West Marin Water Total							\$44,738	\$74,737	\$1,148,709
Total							\$807,203	\$1,631,109	\$32,049,877

1. In 1977 the Federal Economic Development Administration issued a 40-year 5% loan of \$351,770 to assist in the funding emergency Novato Water system projects in response to the drought.
2. In April 2004 the California State Department of Water Resources approved a 2.39% 20-year loan for reconstruction of the Stafford Water Treatment Plant. The project was completed in FY09 with repair of the Outlet Tower Sluice Gate. Interest paid during construction totaled \$1,636,378. The loan covenants require an annual reserve fund contribution of \$104,447 (10% of the annual debt service obligation) be deposited into the Marin County Treasury during each of the first ten years of the repayment period. Debt service is funded 25% by Facility Reserve Charges.
3. In October 2011 Bank of Marin made a 20-year 3.54% (APR) loan of \$8 million to fund the District's share of the Aqueduct Energy Efficiency Project. See Note 16, and note to loan 10 below.
4. In August 2006 the California State Department of Water Resources approved a 2.4% 20-year loan of \$4,264,545 for construction of the Deer Island Recycled Water Facility. The project was completed in June 2007, and the first payment was made June 19, 2008.
5. In July 2011 the California State Department of Water Resources approved a series of four 2.6% 20-year loans which totaled \$4,375,605 for the Recycled Water North Service Area Expansion Project. The projects were completed on October 31, 2012, and the first payment was made in November of 2012.
6. In March 2012 the California State Department of Water Resources approved a series of three 2.2% 20-year loans totaling \$4,552,077 for the Recycled Water South Service Area Expansion Project. The

projects were completed on September 4, 2013, and the first payment will be made in December 2013.

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

Note 8 – Unemployment Insurance Reserve

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

Note 9 – Payroll Benefits

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

Note 10 - Interest Policy on Inter-District Loans

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

No interest shall be paid by an improvement district on funds borrowed from that improvement district's Board Designated Fund reserves. Interest on loans from the Novato Improvement District shall be paid by the recipient district to the Novato district based upon the outstanding loan balance at the close of the previous accounting period. Interest shall be calculated at the higher of: 1. The weighted average interest rate of Novato improvement district debt (2.8% at 6/30/12); or 2. The average interest rate earned on the District treasury since the close of the previous accounting period; plus \$50 per month.

Note 11 – Budget Augmentations

Note 12 – Prior Period Adjustment

Note 13 – Provision for Pension Related Debt and Side Fund

NMWD participates in the CalPERS 2.5% at age 55 retirement plan. Per CalPERS Actuarial Valuation as of June 30, 2011 (most recent data available) NMWD had an accrued liability of \$33.3 million and assets valued on an actuarial basis at \$26.5 million, rendering an unfunded liability of \$6.8 million (\$33.3 - \$26.5), and a funded ratio of 79.6% ($\$26.5 / \33.3). Using the market value of assets at June 30, 2011, the funded ratio was 71.3%.

In 2003 when NMWD was included in a CalPERS pool of agencies with less than 100 employees, a "side fund" was created by CalPERS to account for the difference between the funded status of the pool and the funded status of NMWD's plan. NMWD is amortizing the CalPERS side fund (\$2.3 M of the \$6.8M unfunded liability at June 30, 2011) on a schedule to be paid off in 2025.

Note 14 – Explanation of Financial Statement Components

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

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

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

The Income Statement and Cash Flow by Service Area (page 9) presents the net income (loss) for the fiscal year-to-date (FYTD) period for each of the District's four service areas. The income and expenses on this report are presented in conformity with Generally Accepted Accounting Principles (GAAP) and comply with Governmental Accounting Standards Board pronouncements. Accordingly, all income and expenses are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement measures the success of each service area's operations and

can be used to determine whether the service area has successfully recovered all costs through user fees and other charges.

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

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

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

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

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

	<u>Expansion Local Share</u>			SRF	Expansion		Transfer
	North	South	NBWRA	RWF Loan	SRF Loan	TOTAL	Executed
FY07			\$29,725			\$29,725	
FY08			\$50,478	\$22,795		\$73,273	
FY09			\$150,455	\$22,795		\$173,250	
FY10	\$133,659		\$75,198	\$22,795		\$231,652	\$133,659
FY11			\$133,319	\$22,795		\$156,114	
FY12	\$233,478	\$265,500	\$115,883	\$22,795		\$637,656	
FY13			\$315,023	\$22,795	\$464,572	\$802,390	\$1,970,400
FY14			\$72,982		\$116,129	\$189,111	\$189,111
	\$367,137	\$265,500	\$943,063	\$136,769	\$580,701	\$2,293,170	\$2,293,170

Note 16 –Debt Service Coverage Ratio

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

	FY10	FY11	FY12	FY13	FY14 Budgeted
Net Income/(Loss)	(\$3,616,979)	(\$1,156,582)	(\$217,163)	\$2,036,943	\$1,921,000
Depreciation	\$2,659,884	\$2,660,418	\$2,726,598	\$2,784,670	\$2,879,000
Interest Expense	\$694,044	\$710,416	\$654,484	\$778,762	\$912,000
Connection Fees	\$1,796,028	\$387,610	\$1,005,680	\$876,350	\$936,000
Total Available For Debt Service	\$1,532,977	\$2,601,862	\$4,169,599	\$6,476,725	\$6,648,000
Annual Debt Service	\$1,384,506	\$1,385,156	\$1,770,894	\$2,118,314	\$2,441,000
Debt Service Coverage Ratio	1.11	1.88	2.35	3.06	2.72

Bank of Marin Debt Service Coverage Calculation¹	FYTD14	FY14 Budgeted
Change in Net Assets ²	\$2,278,385	\$3,956,000
Interest Expense	\$227,788	\$912,000
Depreciation & Amortization	\$732,962	\$2,879,000
Total Available for Debt Service	\$3,559,669	\$7,747,000
Bank of Marin Annual Debt Service	\$552,800	\$552,800
Bank of Marin Coverage Ratio	6.44	14.01

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

² See page 9

8

MEMORANDUM

To: Board of Directors

November 1, 2013

From: David L. Bentley, Auditor-Controller

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

\\nmwdsrv1\administration\acl\word\invest\14\policy memo 2014.docx**RECOMMENDED ACTION:** Approve the Investment Policy as Presented.**FINANCIAL IMPACT:** None

Following is the District's Statement of Investment Policy which is presented to the Board annually for review. There is one change recommended in the investment policy from that approved by the Board last year, and that is to beef-up the investigation of broker/dealers that the District utilizes - see paragraph 14 below.

North Marin Water District Statement of Investment Policy

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

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

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

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

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

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

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

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

9) Depositories having custody of North Marin Water District funds shall be directed to

Approved by GM LDDate 11/1/2013

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

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

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

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

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

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

RECOMMENDATION

Approve the Investment Policy as presented.

9

MEMORANDUM

To: Board of Directors

November 1, 2013

From: David Bentley, Auditor-Controller

Subject: Accept – Outside Auditor's 2013 Report and Management Letter

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RECOMMENDED ACTION: Accept FY2012/2013 Audit Report and Management Letter

FINANCIAL IMPACT: Annual Audit Cost is \$21,050.

The Outside Auditor's Annual Audit Report and Management Letter were presented as a draft at the October 15th meeting. Staff made some minor wording changes to the footnotes, and finds the report acceptable. There were no changes requested by the Board.

RECOMMENDATION

Accept the Outside Auditor's FY12/13 Financial Report and Management Letter.

Approved by GM CD

Date 11/1/13



NORTH MARIN WATER DISTRICT

Novato, California

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2013 and 2012





**NORTH MARIN
WATER DISTRICT**

Board of Directors as of June 30, 2013

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

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

North Marin Water District
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2013 and 2012

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, 2013 and 2012**

Table of Contents

	<u>Page No.</u>
Table of Contents	i
Introductory Section	
Letter of Transmittal	1-4
Organizational Chart	5
District Service Area Map	6
GFOA's Certificate of Achievement for Excellence in Financial Reporting	7
Financial Section	
Independent Auditor's Report	8-9
Management's Discussion and Analysis	10-14
Basic Financial Statements:	
Statements of Net Position	15
Statements of Revenues, Expenses and Changes in Net Position	16
Statements of Cash Flows	17-18
Notes to the Basic Financial Statements	19-44
Required Supplementary Information:	
Schedule of Funding Status	45
Supplemental Information:	
Combining Schedule of Net Position – June 30, 2013	46
Combining Schedule of Net Position – June 30, 2012	47
Combining Schedule of Revenues, Expenses and Changes in Net Position – June 30, 2013	48
Combining Schedule of Revenues, Expenses and Changes in Net Position – June 30, 2012	49
Statistical Information Section	
Statistical Section – Table of Contents	50
Changes in Net Position by Component – Last Ten Fiscal Years	51-52
Operating Revenues by Source – Last Ten Fiscal Years	53
Operating Expenses by Activity – Last Ten Fiscal Years	54
Non-Operating Revenue and Expenses – Last Ten Fiscal years	55
Revenue Base – Last Ten Fiscal Years	56
Customers by Type – Last Ten Fiscal Years	57
Revenue Rates – Last Ten Fiscal Years	58
Ten Largest Water Customers by Revenue – Current Fiscal Year and Ten Years Ago	59
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	60
Pledged-Revenue Coverage – Last Ten Fiscal Years	61
Demographic and Economic Statistics – Last Ten Fiscal Years	62
Demographic and Economic Statistics – Ten Largest Employers – Current Year	63
Operating and Capacity Indicators – Total Employees – Last Ten Fiscal Years	64
Other Operating and Capacity Indicators – Last Ten Fiscal Years	65
Report on Internal Controls and Compliance	
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 <i>Government Auditing Standards</i>	66-67

Introductory Section



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September 30, 2013

Board of Directors
North Marin Water District

It is our pleasure to submit the Annual Financial Report for the North Marin Water District for the fiscal year ended June 30, 2013 and 2012, 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 57 (50.5 full-time equivalent) employees, some of whom are part-time or temporary. There are currently 23 office positions and 34 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 20,492 potable water service connections and 17 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 227 service connections.

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 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 2.4 billion gallons of water both in fiscal year 2012 and 2013 from the Agency.

Economic Condition, Outlook and Major Initiatives

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

The Russian River water delivery system from Sonoma County Water Agency (Agency) typically provides 80% of Novato's water supply, but continues to have limited capacity in summer months. Novato Rainfall in FY 2013 totaled 19.38", approximately 9" less than the historical average annual rainfall. Yet ample water was available in Lakes Mendocino and Sonoma for fish, agriculture and urban use on the Russian River system and no restrictions on the Russian River deliveries were necessary. North Marin's Stafford Lake water treatment plant produced 755 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 22 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 new Restructured Agreement contract requirements for increased Russian River water. The Agency is now focused on compliance with the Biological Opinion for water supply in the Russian River watershed issued by the National Marine Fisheries Service, laying out the requirements to preserve, protect and restore the fisheries 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.

In response to reduced water sales and the increased cost of purchased water, the final 11% water rate increase, in a series of three authorized rate increases by the Board of Directors, was implemented on June 1, 2013.

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

At \$589 per year, the cost of water service for a typical Novato single family home using 107,100 gallons of water a year is the sixth-lowest of urban area water purveyors. Water remains a good value for Novato customers.

District Water Supply

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

Stafford Lake lies four miles west of downtown Novato and collects the runoff from 8.3 square miles of watershed land adjacent to the upper reaches of Novato Creek. The lake has a surface area of 230 acres and holds 4,450 AF (acre-feet) (1,450 MG) of water. Water from Stafford Lake is fed into the 6 million gallons per day (mgd) treatment plant located just below the dam. In fiscal year 2012 and 2013, 1,798 AF (586 MG) and 2,318 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 2013. Releases from the lakes flow to a point about 10 miles upstream of Guerneville where six deep Ranney Collector wells collect river water that has been filtered through 60 to 90 feet of natural sand and gravel to perforated pipes located at the bottom of each well. The thick layer of sand and gravel through which the water must pass before reaching the intake pipes provides a highly-efficient, natural filtration process which, with chlorination treatment, produces a clear, potable, bacteria-free water. This water is then fed directly into the Agency's aqueduct system.

In fiscal year 2012 and 2013, the District received 7,448 AF (2,427 MG) and 7,441 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 fixed 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 fourth 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 2012 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.

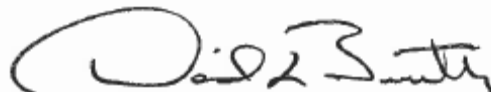
A Certificate of Achievement is valid for a period of one year. We believe that this CAFR meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for 2013.

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,

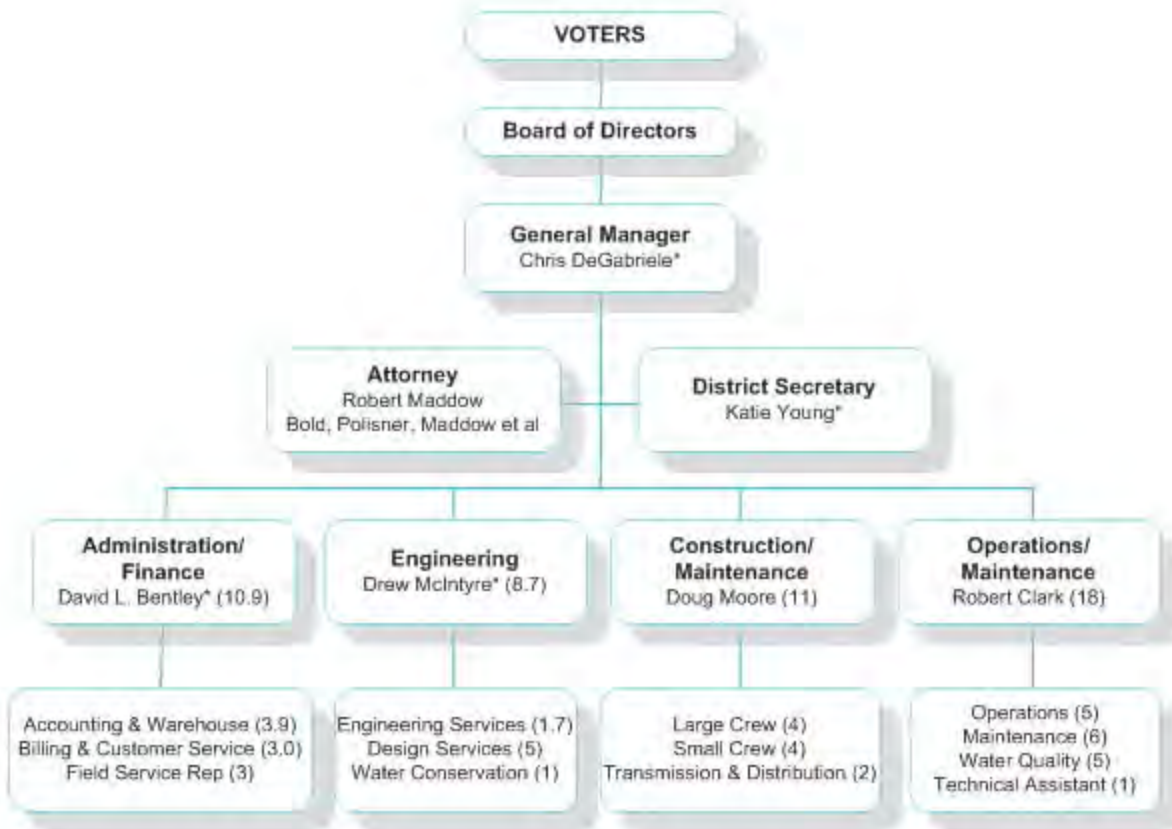


Chris DeGabriele
General Manager



David L. Bentley
Auditor-Controller

**North Marin Water District
Organizational Chart
June 30, 2013**



* 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, 2012

Executive Director/CEO

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Financial Section



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

Charles Z. Fedak & Company

Certified Public Accountants
An Accountancy Corporation

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Independent Auditor's Report

Board of Directors
North Marin Water District
Novato, California

Report on the Financial Statements

We have audited the accompanying financial statements of the North Marin Water District (District), which comprises the statements of net position as of June 30, 2013 and 2012, 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, 2013 and 2012, 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 45 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 50 through 65 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, 2013, 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 66 and 67.

Charles Z. Fedak & Company CPAs - An Accountancy Corporation

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

Cypress, California

September 30, 2013

North Marin Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2013 and 2012

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, 2013 and 2012. 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 2013, the District's net position increased 6.6% or \$5,035,888 to \$81,097,278. In fiscal year 2012, the District's net position increased 3.8% or \$2,767,934 to \$76,061,390.
- 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 2012, the District's operating revenues increased 11.9% or \$1,638,721 to \$15,435,733 due primarily to an implemented rate increase.
- 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. In 2012, the District's operating expenses before depreciation increased 6.2% or \$732,250 due primarily to a \$1,294,156 increase in source of supply 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, 2013 and 2012

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 44.

Statement of Net Position

	Condensed Statements of Net Position				
	2013	2012	Change	2011	Change
Assets:					
Current assets	\$ 16,390,195	18,315,974	(1,925,779)	6,311,477	12,004,497
Non-current assets	8,549,393	6,640,385	1,909,008	5,893,511	746,874
Capital assets, net	<u>96,202,212</u>	<u>89,703,025</u>	<u>6,499,187</u>	<u>83,053,832</u>	<u>6,649,193</u>
Total assets	<u>121,141,800</u>	<u>114,659,384</u>	<u>6,482,416</u>	<u>95,258,820</u>	<u>19,400,564</u>
Liabilities:					
Current liabilities	3,771,012	4,746,798	(975,786)	2,355,902	2,390,896
Non-current liabilities	<u>36,273,510</u>	<u>33,851,196</u>	<u>2,422,314</u>	<u>19,699,462</u>	<u>14,151,734</u>
Total liabilities	<u>40,044,522</u>	<u>38,597,994</u>	<u>1,446,528</u>	<u>22,055,364</u>	<u>16,542,630</u>
Net position:					
Net investment in capital assets	65,839,724	61,882,478	3,957,246	63,542,479	(1,660,001)
Restricted for capital proj. and debt	2,186,452	2,993,055	(806,603)	3,171,305	(178,250)
Unrestricted	<u>13,071,102</u>	<u>11,185,857</u>	<u>1,885,245</u>	<u>6,579,672</u>	<u>4,606,185</u>
Total net position	<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>
Total liabilities and net position	<u>\$ 121,141,800</u>	<u>114,659,384</u>	<u>6,482,416</u>	<u>95,348,820</u>	<u>19,310,564</u>

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 \$81,097,278 and \$76,061,390 as of June 30, 2013 and 2012, respectively.

By far the largest portion of the District's net position (81% and 81% as of June 30, 2013 and 2012, 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 2013 and 2012, the District showed a positive balance in its unrestricted net position of \$13,071,102 and \$11,185,857, respectively. See note 15 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, 2013 and 2012

Statement of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position					
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2011</u>	<u>Change</u>
Revenue:					
Operating revenue	\$ 18,256,638	15,435,733	2,820,905	13,797,012	1,638,721
Non-operating revenue	348,443	528,368	(179,925)	322,266	206,102
Total revenue	<u>18,605,081</u>	<u>15,964,101</u>	<u>2,640,980</u>	<u>14,119,278</u>	<u>1,844,823</u>
Expense:					
Operating expense	13,140,845	12,610,862	529,983	11,878,612	732,250
Depreciation and amortization	2,793,360	2,726,598	66,762	2,660,418	66,180
Non-operating expense	633,933	1,059,686	(425,753)	736,829	322,857
Total expense	<u>16,568,138</u>	<u>16,397,146</u>	<u>170,992</u>	<u>15,275,859</u>	<u>1,121,287</u>
Net income(loss)	2,036,943	(433,045)	2,469,988	(1,156,581)	723,536
Capital contributions	2,998,945	3,200,979	(202,034)	1,785,475	1,415,504
Change in net position	5,035,888	2,767,934	2,267,954	628,894	2,139,040
Net position, beginning of year	76,061,390	73,293,456	2,767,934	72,664,562	628,894
Net position, end of year	<u>\$ 81,097,278</u>	<u>76,061,390</u>	<u>5,035,888</u>	<u>73,293,456</u>	<u>2,767,934</u>

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 \$5,035,888 and \$2,767,934 in the fiscal years ended June 30, 2013 and 2012, respectively.

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

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 2012, the District's operating revenues increased 11.9% or \$1,638,721 to \$15,435,733 due primarily to an implemented rate increase.

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 in water treatment expense. In 2012, the District's operating expenses before depreciation increased 6.2% or \$732,250 due primarily to a \$1,294,156 increase in source of supply expense.

North Marin Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2013 and 2012

Total District Revenues

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2011</u>	<u>Change</u>
Operating revenues:					
Water consumption sales	\$ 13,987,034	12,156,765	1,830,269	11,334,728	822,037
Monthly meter service charge	3,630,425	2,860,630	769,795	2,109,255	751,375
Sewer service charges	157,992	157,311	681	149,820	7,491
Water conservation	1,260	16,095	(14,835)	4,095	12,000
Other charges and services	479,927	244,932	234,995	199,114	45,818
Total operating revenues	<u>18,256,638</u>	<u>15,435,733</u>	<u>2,820,905</u>	<u>13,797,012</u>	<u>1,638,721</u>
Non-operating revenues:					
Property tax revenue	88,088	101,559	(13,471)	96,768	4,791
Investment earnings	80,713	122,598	(41,885)	118,410	4,188
Rental revenue	71,850	69,206	2,644	68,062	1,144
Gain from dental liability reserve offset	-	174,119	(174,119)	-	174,119
Other non-operating revenues	107,792	60,886	46,906	39,026	21,860
Total non-operating revenues	<u>348,443</u>	<u>528,368</u>	<u>(179,925)</u>	<u>322,266</u>	<u>206,102</u>
Total revenues	<u>\$ 18,605,081</u>	<u>15,964,101</u>	<u>2,640,980</u>	<u>14,119,278</u>	<u>1,844,823</u>

In 2013 and 2012, total District revenues increased \$2,640,980 and \$1,844,823, respectively.

Total District Expenses

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2011</u>	<u>Change</u>
Operating expenses:					
Source of supply	\$ 5,342,988	5,150,183	192,805	3,856,027	1,294,156
Pumping	351,816	304,075	47,741	299,462	4,613
Water facilities operations	716,780	708,570	8,210	648,743	59,827
Water treatment	1,986,926	1,747,166	239,760	2,012,125	(264,959)
Transmission and distribution	2,340,330	2,373,132	(32,802)	2,400,638	(27,506)
Sewage collection and treatment	127,903	112,801	15,102	103,054	9,747
Customer service	552,202	580,534	(28,332)	564,940	15,594
General and administrative	1,449,793	1,358,682	91,111	1,444,475	(85,793)
Improvement projects	-	3,383	(3,383)	160,980	(157,597)
Water conservation	272,107	272,336	(229)	388,168	(115,832)
Depreciation and amortization	2,793,360	2,726,598	66,762	2,660,418	66,180
Total operating expenses	<u>15,934,205</u>	<u>15,337,460</u>	<u>596,745</u>	<u>14,539,030</u>	<u>798,430</u>
Non-operating expenses:					
Interest expense – long-term debt	778,763	657,337	121,426	490,601	166,736
Amortization of deferred charges	88,876	3,065	85,811	-	3,065
Allowance for impairment of emp. loans	(280,000)	390,000	(670,000)	-	390,000
Wohler/Collecot No. 6 project	-	-	-	224,890	(224,890)
Other non-operating expenses	46,294	9,284	37,010	21,338	(12,054)
Total non-operating expenses	<u>633,933</u>	<u>1,059,686</u>	<u>(425,753)</u>	<u>736,829</u>	<u>322,857</u>
Total expenses	<u>\$ 16,568,138</u>	<u>16,397,146</u>	<u>170,992</u>	<u>15,275,859</u>	<u>1,121,287</u>

In 2013 and 2012, total District expenses increased by \$170,992 and \$1,121,287, respectively

North Marin Water District
Management's Discussion and Analysis
For the Years Ended June 30, 2013 and 2012

Capital Asset Administration

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>

Changes in capital asset amounts for 2012 were as follows:

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

At the end of fiscal year 2013 and 2012, the District's investment in capital assets amounted to \$96,202,212 and \$89,703,025, respectively, (net of accumulated depreciation). This investment in capital assets includes: land, transmission and distribution systems, reservoirs, tanks, pumps, buildings and structures, equipment, vehicles and construction-in-progress, etc. (See Note 10 for further information)

Debt Administration

Changes in long-term debt amounts for 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>3,977,122</u>	<u>(1,198,912)</u>	<u>34,241,714</u>
Total long-term debt	<u>\$ 31,672,707</u>	<u>3,977,122</u>	<u>(1,226,463)</u>	<u>34,423,366</u>

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

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

(See Note 14 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 – (415) 897-4133.

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Basic Financial Statements

**North Marin Water District
Statements of Net Position
June 30, 2013 and 2012**

Assets	2013	2012
Current assets:		
Cash and cash equivalents (note 2)	\$ 3,326,264	3,440,996
Restricted – cash and cash equivalents (note 2)	3,693,349	6,068,240
Accrued interest receivable	10,772	12,441
Accounts receivable – water and sewer sales and services	3,433,180	3,079,366
Accounts receivable – governmental agencies	845,079	564,454
Accounts receivable – other	86,261	28,748
Capital grants and loan proceeds receivable	4,060,378	4,194,515
Note receivable – property tax from state (note 3)	-	7,839
Note receivable – Black Point Golf Links – current portion (note 4)	196,513	191,861
Notes receivable – employee computer loans (note 5)	2,138	6,143
Provision for pension related debt – current portion (note 6)	79,928	67,953
Materials and supplies inventory	609,237	612,966
Prepaid expenses and deposits	47,096	40,452
Total current assets	<u>16,390,195</u>	<u>18,315,974</u>
Non-current assets:		
Restricted – investments (note 2)	3,006,442	1,012,117
Internal balances (note 8)	-	-
Note receivable – Black Point Golf Links (note 4)	2,137,470	2,333,983
Notes receivable – employee housing assistance loans, net (note 7)	1,331,785	1,051,785
Provision for pension related debt (note 6)	2,073,696	2,153,624
Deferred charges, net (note 9)	-	88,876
Capital assets, not being depreciated (note 10)	13,666,696	12,683,873
Depreciable capital assets, net (note 10)	82,535,516	77,019,152
Total non-current assets	<u>104,751,605</u>	<u>96,343,410</u>
Total assets	<u>\$ 121,141,800</u>	<u>114,659,384</u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,501,045	3,154,607
Accrued wages and related payables	207,539	179,485
Accrued claims payable (note 11)	22,476	21,783
Customer advances and deposits	482,414	274,382
Accrued interest payable – long-term debt	71,816	22,857
Long-term liabilities – due within one year:		
Compensated absences (note 12)	149,008	143,966
Bonds payable (note 14)	21,731	35,553
Loans payable (note 14)	1,235,055	846,212
Pension related debt (note 6)	79,928	67,953
Total current liabilities	<u>3,771,012</u>	<u>4,746,798</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 12)	447,025	431,897
Other post-employment benefits payable (note 13)	586,209	474,733
Bonds payable (note 14)	159,921	173,650
Loans payable (note 14)	33,006,659	30,617,292
Pension related debt (note 6)	2,073,696	2,153,624
Total non-current liabilities	<u>36,273,510</u>	<u>33,851,196</u>
Total liabilities	<u>40,044,522</u>	<u>38,597,994</u>
Net position: (note 15)		
Net investment in capital assets	65,839,724	61,882,478
Restricted for capital projects and debt service	2,186,452	2,993,055
Unrestricted	13,071,102	11,185,857
Total net position	<u>81,097,278</u>	<u>76,061,390</u>
Total liabilities and net position	<u>\$ 121,141,800</u>	<u>114,659,384</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Water consumption sales	\$ 13,987,034	12,156,765
Bi-monthly meter service charge	3,630,425	2,860,630
Sewer service charges	157,992	157,311
Water conservation	1,260	16,095
Other charges and services	<u>479,927</u>	<u>244,932</u>
Total operating revenues	<u>18,256,638</u>	<u>15,435,733</u>
Operating expenses:		
Source of supply	5,342,988	5,150,183
Pumping	351,816	304,075
Water facilities operations	716,780	708,570
Water treatment	1,986,926	1,747,166
Transmission and distribution	2,340,330	2,373,132
Sewage collection and treatment	127,903	112,801
Customer service	552,202	580,534
General and administrative	1,449,793	1,358,682
Improvement projects	-	3,383
Water conservation	<u>272,107</u>	<u>272,336</u>
Total operating expenses	<u>13,140,845</u>	<u>12,610,862</u>
Operating income before depreciation and amortization	5,115,793	2,824,871
Depreciation and amortization	<u>(2,793,360)</u>	<u>(2,726,598)</u>
Operating income	<u>2,322,433</u>	<u>98,273</u>
Non-operating revenues(expenses):		
Property tax revenue	88,088	101,559
Investment earnings	80,713	122,598
Rental revenue	71,850	69,206
Gain from dental liability reserve offset	-	174,119
Interest expense – long-term debt	(778,763)	(657,337)
Amortization of deferred charges	(88,876)	(3,065)
Change in allowance for impairment of employee housing loans	280,000	(390,000)
Other non-operating revenues	107,792	60,886
Other non-operating expenses	<u>(46,294)</u>	<u>(9,284)</u>
Total non-operating revenues, net	<u>(285,490)</u>	<u>(531,318)</u>
Net income(loss) before capital contributions	<u>2,036,943</u>	<u>(433,045)</u>
Capital contributions:		
Developers and others	305,847	423,045
Contributed capital assets	55,298	224,252
Connection fees	876,350	1,005,680
Capital grants – federal	1,232,700	1,548,002
Capital grants – state and local	<u>528,750</u>	<u>-</u>
Capital contributions	<u>2,998,945</u>	<u>3,200,979</u>
Change in net position	5,035,888	2,767,934
Net position, beginning of year	<u>76,061,390</u>	<u>73,293,456</u>
Net position, end of year	<u>\$ 81,097,278</u>	<u>76,061,390</u>

See accompanying notes to the basic financial statements

**North Marin Water District
Statements of Cash Flows
For the Years Ended June 30, 2013 and 2012**

	2013	2012
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 17,744,328	14,490,838
Cash paid to employees for salaries and wages	(4,348,543)	(4,237,965)
Cash paid to vendors and suppliers for materials and services	(10,126,648)	(6,132,631)
Net cash provided by operating activities	3,269,137	4,120,242
Cash flows from non-capital financing activities:		
Property tax revenue	95,927	101,559
Net cash provided by non-capital financing activities	95,927	101,559
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(9,242,979)	(9,375,791)
Proceeds from capital contributions and connection fees	3,077,784	2,514,997
Proceeds from principal issued on long-term debt	3,977,122	10,325,765
Cost of issuance of long-term debt	-	(91,941)
Principal paid on long-term debt	(1,226,463)	(1,116,410)
Interest paid on long-term debt	(729,804)	(645,565)
Net cash provided(used) by capital and related financing activities	(4,144,340)	1,611,055
Cash flows from investing activities:		
Proceeds from sale of investments	1,000,000	1,000,000
Purchases of investments	(3,002,994)	-
Principal received on notes receivable	191,861	187,320
Principal received(issued) on employee computer loans, net	4,005	1,052
Investment earnings	96,781	125,445
Net cash provided by investing activities	(1,710,347)	1,313,817
Net increase(decrease) in cash and cash equivalents	(2,489,623)	7,146,673
Cash and cash equivalents, beginning of year	9,509,236	2,362,563
Cash and cash equivalents, end of year	\$ 7,019,613	9,509,236
Reconciliation of cash and cash equivalents to statement of financial position:		
Cash and cash equivalents	\$ 3,326,264	3,440,996
Restricted assets – cash and cash equivalents	3,693,349	6,068,240
Total cash and cash equivalents	\$ 7,019,613	9,509,236

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, 2013 and 2012

	2013	2012
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,322,433	98,273
Adjustments to reconcile operating income to net cash provided by operating activities:		
Deprecation	2,793,360	2,726,598
Rental revenue	71,850	69,206
Gain from dental liability reserve offset	-	174,119
Other non-operating revenue	107,792	60,886
Other non-operating expenses	(46,294)	(9,284)
Changes in assets and liabilities:		
(Increase)Decrease in assets:		
Accounts receivable – water and sewer sales and services	(353,814)	(631,412)
Accounts receivable – governmental agencies	(280,625)	(469,201)
Accounts receivable – other	(57,513)	25,626
Materials and supplies inventory	3,729	(60,213)
Prepaid expenses and other deposits	(6,644)	(12,283)
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	(1,653,562)	2,156,369
Accrued wages and related payables	28,054	(166,103)
Accrued claims payable	693	7,383
Customer advances and deposits	208,032	(11,730)
Compensated absences	20,170	77,911
Other post-employment retirement benefits	111,476	84,097
Total adjustments	946,704	4,021,969
Net cash provided by operating activities	\$ 3,269,137	4,120,242
Non-cash investing, capital and financing transactions:		
Change in fair value of investments	\$ (14,399)	7,486
Contributed capital	55,298	224,252

See accompanying notes to the basic financial statements

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(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, 2013 and 2012

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

C. Financial Reporting

The District's basic financial statements are prepared in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Revenues are recognized when earned, and costs and expenses are recognized when incurred.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* effective for financial statements for periods beginning after December 15, 2011. The District implemented this new pronouncement in the current year. The effect of the implementation of this statement to the District is limited to renaming of **Net Assets** to **Net Position**.

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, 2013 and 2012

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

D. Assets, Liabilities and Net Position, continued

6. Restricted Assets

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

7. Prepaid Expenses

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

8. Capital Assets

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

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

9. Compensated Absences

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

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

10. Water and Sewer Sales

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

11. Capital Contributions

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

12. Capital and Operating Grants

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

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(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>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 3,326,264	3,440,996
Restricted – cash and cash equivalents	3,693,349	6,068,240
Restricted – investments	<u>3,006,442</u>	<u>1,012,117</u>
Total cash and investments	<u>\$ 10,026,055</u>	<u>10,521,353</u>

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

	<u>2013</u>	<u>2012</u>
Cash on hand	\$ 350	350
Deposits with financial institutions	101,258	100,148
Deposits with County of Marin Treasury	424,258	332,654
Investments	<u>9,500,189</u>	<u>10,088,201</u>
Total cash and investments	<u>\$ 10,026,055</u>	<u>10,521,353</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(2) Cash and Investments

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

The table below identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

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

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

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

Custodial Credit Risk

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

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(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, 2013, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 months or less</u>	<u>13 to 24 months</u>	<u>25-60 months</u>
Local Agency Investment Fund	\$ 6,493,745	6,493,745	-	-
Certificates-of-deposit	992,000	-	992,000	-
Corporate medium-term notes	2,002,255	-	-	2,002,255
Olema general obligation bond	12,189	-	12,189	-
Total	<u>\$ 9,500,189</u>	<u>6,493,745</u>	<u>1,004,189</u>	<u>2,002,255</u>

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

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

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(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, 2013, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Ratings AA+ to AA-</u>
Local Agency Investment Fund	\$ 6,493,745	N/A	6,493,745	-
Certificates-of-deposit	992,000	N/A	992,000	-
Corporate medium-term notes	2,002,255	A-	-	2,002,255
Olema general obligation bond	12,189	A+	-	12,189
Total	<u>\$ 9,500,189</u>		<u>7,485,745</u>	<u>2,014,444</u>

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

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

(3) Note Receivable – Property Tax from State

Under the provisions of the State of California Proposition 1A and as part of the 2010 fiscal year State of California budget package passed by the California State Legislature on July 28, 2009 the State of California borrowed 8.0% of the amount of property tax revenue apportioned to cities, counties and special districts. The State of California is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California State Legislature may consider only one additional borrowing within a ten-year period. The amount of the borrowing pertaining to the District was \$6,760 and accrued interest of \$1,079 for a total of \$7,839 as of June 30, 2012. The borrowing by the State of California was repaid to the District on June 14, 2013.

(4) Note Receivable – Black Point Golf Links

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

The balance at June 30, consists of the following:

	<u>2013</u>	<u>2012</u>
Note receivable – Black Point Golf Links – current portion	\$ 196,513	191,861
Note receivable – Black Point Golf Links	2,137,470	2,333,983
Note receivable – Black Point Golf Links	<u>\$ 2,333,983</u>	<u>2,525,844</u>

(5) Notes Receivable – Employee Computer Loans

The District allows employees to purchase personal computers and to secure a loan from the District to pay for the purchase of the computer up to \$3,500 per person. These employee computer loans are repaid to the District over a period of up to 36 months through payroll deduction with interest rates applied that are based on the District's investment portfolio return rate at the origination of the loan plus one percent. As of June 30, 2013 and 2012 the District had various outstanding loans totaling \$2,138 and \$6,143, respectively.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(6) Pension Related Debt – CalPERS Side-Fund

As of June 30, 2003, CalPERS implemented risk-pooling for the District’s agent multiple-employer public employee defined benefit pension plan. As a result, the District’s defined benefit pension plan with CalPERS converted from an agent multiple-employer plan to a cost sharing multiple-employer plan. This change in the type of the plan created the CalPERS Side-Fund, which CalPERS financed at a 7.75% interest rate (for fiscal year 2012 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 following provision and long-term debt has been recorded on the District’s financial statements as the District is making systematic pay-as-you-go payments to CalPERS each payroll period. The annual repayment schedule is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 79,928	152,942	232,870
2015	93,156	146,700	239,856
2016	107,608	139,444	247,052
2017	123,363	131,100	254,463
2018	140,531	121,566	262,097
2019-2023	1,017,989	415,267	1,433,256
2024-2025	591,049	44,253	635,302
Total	\$ 2,153,624	<u>1,151,272</u>	<u>3,304,896</u>
Less current portion	<u>(79,928)</u>		
Total non-current	\$ <u>2,073,696</u>		

(7) Notes Receivable – Employee Housing Assistance Loans

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

The balance at June 30, consists of the following:

<u>Origination</u>	<u>2013</u>	<u>2012</u>
August 2004	\$ 250,000	250,000
Sept. 2004	39,200	39,200
October 2006	300,000	300,000
Sept. 2007	140,000	140,000
Nov. 2007	150,000	150,000
July 2008	125,000	125,000
October 2008	192,585	192,585
June 2010	<u>245,000</u>	<u>245,000</u>
Sub-total	1,441,785	1,441,785
Allowance	<u>(110,000)</u>	<u>(390,000)</u>
Total	\$ <u>1,331,785</u>	<u>1,051,785</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(8) Internal Balances

Due To/From Other Funds and Transfers

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

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

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

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

Transfers between funds as of June 30, 2013 as follows:

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

The Novato Water segment has advanced the Novato Recycled segment funds for capital construction pending receipt of grant and loan funds. Interest accrues on the balance on a monthly basis as per District policy. In 2013, the Novato Water segment transferred \$1,970,400 in net position to the Novato Recycled segment for the local share of the North/South Expansion, SRF loan payments and grant administration costs. (See the Supplementary Schedules on Pages 46 through 49 for further information)

(9) Deferred Charges

The balance at June 30, consists of the following:

	<u>2013</u>	<u>2012</u>
Bank of Marin loan issuance costs	\$ 91,941	91,941
Accumulated amortization	<u>(91,941)</u>	<u>(3,065)</u>
Total deferred charges, net	\$ <u>-</u>	<u>88,876</u>

Per GASB No. 65 the District fully amortized the deferred charges in 2013.

(10) Capital Assets

Construction-In-Progress

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

The balance of construction-in-progress at June 30, consists of the following projects:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Developer construction – Novato Water	\$ 881,226	842,504	965,313
Developer construction – Novato Recycled	-	-	-
Developer construction – West Marin Water	36,730	67,130	-
Developer construction – Oceana Marin Sewer	-	-	5,000
Other construction – Novato Water	2,379,878	1,840,102	1,619,299
Other construction – Novato Recycled	1,187,912	8,117,923	8,806,758
Other construction – West Marin Water	135,371	258,069	565,161
Other construction – Oceana Marin Sewer	<u>26,360</u>	<u>85,054</u>	<u>232,074</u>
Total construction-in-progress per year	\$ <u>4,647,477</u>	<u>11,210,782</u>	<u>12,193,605</u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(10) Capital Assets, continued

Changes in capital assets for the year were as follows:

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

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(10) Capital Assets, continued

Changes in capital assets for 2012 were as follows:

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

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(11) 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:		<u>2013</u>	<u>2012</u>
Accrued claims payable, beginning of year	\$	21,783	14,400
Claims recognized		8,076	40,433
Claims settled		(1,243)	(9,726)
Claims adjustments		<u>(6,140)</u>	<u>(23,324)</u>
Accrued claims payable, end of year	\$	<u>22,476</u>	<u>21,783</u>

(12) Compensated Absences

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

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>
\$ <u>575,863</u>	<u>913,324</u>	<u>(893,154)</u>	<u>596,033</u>	<u>149,008</u>	<u>447,025</u>

Changes to compensated absences for 2012, were as follows:

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

(13) Other Post-Employment Benefits Payable

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

Other Post-Employment Benefits – Eligibility

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

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(13) 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>2013</u>	<u>2012</u>	<u>2011</u>
Active plan members	51	53	52
Retirees and beneficiaries receiving benefits	34	32	33
Separated plan members entitled to but not yet receiving benefits	<u>3</u>	<u>3</u>	<u>2</u>
Total plan membership	<u><u>88</u></u>	<u><u>88</u></u>	<u><u>87</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, 2013 and 2012, the District's annual ARC cost after adjustments was \$278,175 and \$244,822, respectively. The District's net other post employment benefits payable obligation amounted to \$586,209 and \$474,733 for the years ended June 30, 2013 and 2012, respectively. The District contributed \$166,699 and \$160,725 in age adjusted contributions for current retiree OPEB premiums for the years ended June 30, 2013 and 2012, respectively.

The balance at June 30, consists of the following:	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 286,640	250,776	250,776
Interest on net OPEB obligation	18,989	19,532	14,566
Interest earnings on irrevocable trust balance	-	-	-
Adjustment to annual required contribution	<u>(27,454)</u>	<u>(25,486)</u>	<u>(18,951)</u>
Total annual OPEB expense	<u>278,175</u>	<u>244,822</u>	<u>246,391</u>
Contributions made:			
Contributions made to irrevocable trust	-	-	-
Retiree benefit payments paid outside of a trust	<u>(166,699)</u>	<u>(160,725)</u>	<u>(147,084)</u>
Total contributions made	<u>(166,699)</u>	<u>(160,725)</u>	<u>(147,084)</u>
Total change in net OPEB payable obligation	111,476	84,097	99,307
OPEB payable - beginning of year	<u>474,733</u>	<u>390,636</u>	<u>291,329</u>
OPEB payable - end of year	<u><u>\$ 586,209</u></u>	<u><u>474,733</u></u>	<u><u>390,636</u></u>

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(13) 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 2013 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
2013	\$ 278,175	-	166,699	26.22%	\$ 586,209
2012	244,822	-	160,725	25.76%	474,733
2011	246,391	-	147,084	25.74%	390,636

The most recent valuation (dated July 1, 2012) 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 \$3,189,034 and \$3,064,753, as of June 30, 2013 and 2012, 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, 2013 was \$4,348,543. The ratio of the unfunded actuarial accrued liability to annual covered payroll was 71.99%.

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	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Remaining amortization period	20 Years as of the valuation date
Asset valuation method	20 Year smoothed market
Actuarial assumptions:	
Investment rate of return	4.00%
Projected salary increase	3.00%
Inflation - discount rate	4.00%

See Page 45 for the Schedule of Funding Status.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(14) Long-term Debt

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	3,977,122	-	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>3,977,122</u>	<u>(1,198,912)</u>	<u>34,241,714</u>	<u>1,235,055</u>
Total long-term debt	<u>\$ 31,672,707</u>	<u>3,977,122</u>	<u>(1,226,463)</u>	<u>34,423,366</u>	<u>1,256,786</u>

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

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

Bonds Payable

1973 General Obligation Bonds – Issue PR-3

On September 5, 1973, the District issued general obligation bonds totaling \$250,000 to acquire and improve the Inverness Park and Point Reyes Water Companies. The bond issuance was purchased in its entirety by the U.S. Department of Agriculture, Farmers Home Administration Rural Development Administration on a 5%, 40-year payback basis. The bonds were fully-repaid as of June 30, 2013.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(14) Long-Term Debt, continued

Bonds Payable, continued

1975 General Obligation Bonds – Issue OL-2

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,731	382	4,113
2015	3,921	196	4,117
Total	\$ 7,652	578	8,230
Less current portion	(3,731)		
Total non-current	\$ 3,921		

1980 Revenue Bonds – Issue PRE-1

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 10,000	4,100	14,100
2015	11,000	3,600	14,600
2016	11,000	3,050	14,050
2017	12,000	2,500	14,500
2018	12,000	1,900	13,900
2019-2020	26,000	1,950	27,950
Total	\$ 82,000	17,100	99,100
Less current portion	(10,000)		
Total non-current	\$ 72,000		

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(14) Long-Term Debt, continued

Bonds Payable, continued

1981 Revenue Bonds – Issue PR-6

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 8,000	4,400	12,400
2015	9,000	3,975	12,975
2016	9,000	3,525	12,525
2017	10,000	3,050	13,050
2018	10,000	2,550	12,550
2019-2022	46,000	4,700	50,700
Total	\$ 92,000	<u>22,200</u>	<u>114,200</u>
Less current portion	<u>(8,000)</u>		
Total non-current	\$ <u>84,000</u>		

Loans Payable

1977 U.S. EDA Loan – Novato Water segment

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 14,440	3,984	18,424
2015	15,162	3,262	18,424
2016	15,920	2,504	18,424
2017	16,716	1,708	18,424
2018	17,637	787	18,424
Total	\$ 79,875	<u>12,245</u>	<u>92,120</u>
Less current portion	<u>(14,440)</u>		
Total non-current	\$ <u>65,435</u>		

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(14) Long-Term Debt, continued

Loans Payable

1977 U.S. EDA Loan – West Marin segment

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,145	558	2,703
2015	2,252	451	2,703
2016	2,363	340	2,703
2017	2,483	220	2,703
2018	1,958	145	2,103
Total	\$ 11,201	<u>1,714</u>	<u>12,915</u>
Less current portion	<u>(2,145)</u>		
Total non-current	<u>\$ 9,056</u>		

2005 DWR Loan – Novato Water segment

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 357,091	165,146	522,237
2015	727,034	317,441	1,044,475
2016	744,514	299,960	1,044,474
2017	762,413	282,062	1,044,475
2018	780,744	263,730	1,044,474
2019-2023	4,194,477	1,027,895	5,222,372
2024-2028	4,723,551	498,821	5,222,372
2029-2030	1,530,000	91,062	1,621,062
Total	\$ 13,819,824	<u>2,946,117</u>	<u>16,765,941</u>
Less current portion	<u>(357,091)</u>		
Total non-current	<u>\$ 13,462,733</u>		

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(14) Long-Term Debt, continued

Loans Payable, continued

2005 SWRCB Loan – Novato Recycled Water segment

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 196,131	77,236	273,367
2015	200,839	72,528	273,367
2016	205,658	67,709	273,367
2017	210,594	62,773	273,367
2018	215,648	57,719	273,367
2019-2023	1,158,405	208,430	1,366,835
2024-2027	<u>1,030,882</u>	<u>62,586</u>	<u>1,093,468</u>
Total	\$ 3,218,157	<u>608,981</u>	<u>3,827,138</u>
Less current portion	<u>(196,131)</u>		
Total non-current	\$ <u>3,022,026</u>		

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

In fiscal year 2011, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a loan in an amount not-to-exceed \$4,364,335 with an interest rate of 2.60% per annum for the reconstruction of the Recycled Water Expansion project – North Service Area. As of June 30, 2013, eligible costs for reimbursement were \$4,364,335 and accrued as a long-term debt liability on the financial statements.

In fiscal year 2012, the District entered into an agreement with the California State Water Resources Control Board (SWRCB) for a loan in an amount not-to-exceed \$5,480,740 with an interest rate of 2.20% per annum for the reconstruction of the Recycled Water Expansion project – South Service Area. As of June 30, 2013, eligible costs for reimbursement were \$5,226,363 and accrued as a long-term debt liability on the financial statements.

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

In October 2012, the District entered into a loan agreement with the Bank of Marin for a 20-year \$8.0 million construction loan with an interest rate of 3.42% per annum for the North Marin aqueduct energy efficiency project and West Marin water improvements. The loan is scheduled to mature in September of fiscal year 2033. A principal and interest payment of \$46,067 is payable monthly on the 27th day of each month. Future annual debt service requirements on the loan are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 300,451	252,349	552,800
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
2019-2023	1,908,939	855,061	2,764,000
2024-2028	2,264,334	499,666	2,764,000
2029-2033	<u>1,739,190</u>	<u>103,477</u>	<u>1,842,667</u>
Total	\$ 7,521,960	<u>2,612,707</u>	<u>10,134,667</u>
Less current portion	<u>(300,451)</u>		
Total non-current	\$ <u>7,221,509</u>		

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(15) Net Position

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
Deferred charges, net	-	-	-	-	-
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, 2013 and 2012

(15) Net Position, continued

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

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

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(16) Deferred Compensation Savings Plan

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. Market value of the plan assets held in trust at June 30, 2013 and 2012 was \$3,794,645 and \$3,406,553, 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.

(17) Defined Benefit Pension Plan

Plan Description

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

Funding Policy 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 1.60% of their 8.00% member rate with the District contributing the remaining 6.40%. The District's labor agreement with its employees association requires that employees pay the full 8.00%, phased in annually each October 1st, by 2016. Also, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension cost (APC) percentage of payroll for fiscal year 2013, 2012 and 2011 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 1.6% 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, 2013 and 2012

(17) Defined Benefit Pension Plan, continued

For fiscal years 2013, 2012 and 2011, 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>
2010-2011	\$ 913,677	100%	-	15.309%
2011-2012	1,031,112	100%	-	18.154%
2012-2013	1,068,211	100%	-	18.947%

See Page 45 for the Schedule of Funding Status.

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, 2011
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll, open
Average remaining amortization period	21 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%

(18) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance policies with a variety of coverage including a \$10.0 million excess general liability policy with a \$1.0 million self-insured retention limit, a \$54,624,000 property and equipment policy, a \$1.0 million public official's policy and a \$500,000 employee fidelity bond.

(19) Commitments and Contingencies

Wohler/Collector No. 6 Agreement

The District is party to an agreement with the Sonoma County Water Agency (SCWA) that provides, among other matters, that the District is obligated to pay for a prorated share of certain 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, 2013, the District's reserve balances for these obligations were \$403,678 (Wohler Pipeline) and \$1,573,822 (Collector #6).

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(19) 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 2012, the District executed a 20-year lease with the Solar Services company to construct the Solar Power Generating Facility on District land for a land lease of \$100 for the period (or \$5 per year).

Construction Contracts

The District has a variety of agreements with developers and private parties relating to the installation, improvement or modification of transmission facilities and distribution systems within its service area. The financing of such improvements is provided primarily from advances for construction. The District also improves and modifies its existing infrastructure and finances such improvements from its reserves. The District has committed to approximately \$365,306 in remaining costs of existing District capital projects as of June 30, 2013.

Grant Awards

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

Litigation

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

(20) Subsequent Event

Events occurring after June 30, 2013 have been evaluated for possible adjustment to the financial statements or disclosure as of September 30, 2013, 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, 2013 and 2012

(21) Governmental Accounting Standards Board Statements

Implementation of New Accounting Pronouncements

For the year ended June 30, 2013, the District implemented the following Governmental Accounting Standards Board pronouncements:

Governmental Accounting Standards Board Statement No. 60

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This standard address how to account for and report service concession arrangements, a type of public-private or public-public partnership that state and local governments are increasingly entering into. There were no Concession Arrangements entered into by the District.

Governmental Accounting Standards Board Statement No. 61

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity, Omnibus*. This standard is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statement and Management's Discussion and Analysis for State and local Governments*.

Governmental Accounting Standards Board Statement No. 62

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

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

Hereinafter, these pronouncements collectively are referred to as the **FASB & AICPA pronouncements**. This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

Governmental Accounting Standards Board Statement No. 63

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Governmental Accounting Standards Board Statement No. 65

In March 2012, the GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

North Marin Water District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2013 and 2012

(21) 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, 2013, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 66

In March 2012, the GASB issued Statement No. 66 – *Technical Corrections—2013—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The impact of the implementation of this Statement to District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 68

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

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

Governmental Accounting Standards Board Statement No. 70

In April 2013, the GASB issued Statement No. 70 – *Accounting and Financial Reporting for Non-exchange Guarantees*. Provisions of this Statement require that governments that extend non-exchange financial guarantees to recognize a liability when qualitative factors and historic data, if any, indicate that it is more likely than not that the government will be required to make payments on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows related to the guarantee expected to be incurred. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. The impact of the implementation of this Statement to District's financial statements has not been assessed at this time.

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Required Supplementary Information

**North Marin Water District
Schedule of Funding Status
For the Years Ended June 30, 2013 and 2012**

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	-	-
2. Plan's side fund	(2,272,881)	-	-
3. Pool's accrued liability	2,135,350,204	-	-
4. Pool's side fund	(117,829,589)	-	-
5. Pool's actuarial value of assets (AVA) including receivables	1,724,200,585	-	-
6. Plan's actuarial value of assets (AVA) including receivables [(1+2) / (3+4) x 5]	26,507,545	-	-
7. Pool's market value of assets (MVA) including receivables	1,543,100,350	-	-
8. Plan's market value of assets (MVA) including receivables [(1+2) / (3+4) x 7]	23,723,343	-	-

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)	Actuarial Value of Assets (AVA) (b)	Market Value of Assets (MVA) (c)	Funded Ratio		Annual Covered Payroll
				AVA (b/a)	MVA (c/a)	
June 30, 2011	\$ 33,289,875	26,507,545	23,723,343	79.63%	71.26%	\$ 3,965,056
June 30, 2012	*	-	-	0.00%	0.00%	-
June 30, 2013	*	-	-	0.00%	0.00%	-

* CalPERS has not provided the information for these periods 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 13 and 15 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, 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 – property tax from state	-	-	-	-	-
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
Deferred charges, net	-	-	-	-	-
Capital assets, not being depreciated	3,942,108	8,806,758	679,948	237,882	13,666,696
Depreciable capital assets, net	67,806,510	10,237,067	3,835,247	656,692	82,535,516
Total non-current assets	<u>82,915,962</u>	<u>16,425,874</u>	<u>4,515,195</u>	<u>894,574</u>	<u>104,751,605</u>
Total assets	\$ <u>92,952,292</u>	<u>21,726,624</u>	<u>5,372,514</u>	<u>1,090,370</u>	<u>121,141,800</u>
<u>Liabilities and Net Position</u>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 1,269,462	226,071	-	5,512	1,501,045
Accrued wages and related payables	164,207	8,612	25,627	9,093	207,539
Accrued claims payable	21,285	247	697	247	22,476
Customer advances and deposits	459,762	938	20,214	1,500	482,414
Accrued interest payable – long-term debt	3,984	63,757	4,075	-	71,816
Long-term liabilities – due within one year:					
Compensated absences	149,008	-	-	-	149,008
Bonds payable	-	-	21,731	-	21,731
Loans payable	633,523	560,929	40,603	-	1,235,055
Pension related debt	79,928	-	-	-	79,928
Total current liabilities	<u>2,781,159</u>	<u>860,554</u>	<u>112,947</u>	<u>16,352</u>	<u>3,771,012</u>
Non-current liabilities:					
Long-term liabilities – due in more than one year:					
Compensated absences	447,025	-	-	-	447,025
Other post-employment benefits payable	586,209	-	-	-	586,209
Bonds payable	-	-	159,921	-	159,921
Loans payable	19,825,258	12,247,925	933,476	-	33,006,659
Pension related debt	2,073,696	-	-	-	2,073,696
Total non-current liabilities	<u>22,932,188</u>	<u>12,247,925</u>	<u>1,093,397</u>	<u>-</u>	<u>36,273,510</u>
Total liabilities	<u>25,713,347</u>	<u>13,108,479</u>	<u>1,206,344</u>	<u>16,352</u>	<u>40,044,522</u>
Net position:					
Net investment in capital assets	54,218,719	6,857,706	3,868,725	894,574	65,839,724
Restricted for capital projects and debt service	1,989,702	-	196,750	-	2,186,452
Unrestricted	11,030,524	1,760,439	100,695	179,444	13,071,102
Total net position	<u>67,238,945</u>	<u>8,618,145</u>	<u>4,166,170</u>	<u>1,074,018</u>	<u>81,097,278</u>
Total liabilities and net position	\$ <u>92,952,292</u>	<u>21,726,624</u>	<u>5,372,514</u>	<u>1,090,370</u>	<u>121,141,800</u>

See accompanying notes to the basic financial statements

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

<u>Assets</u>	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Total
Current assets:					
Cash and cash equivalents	\$ 3,149,581	-	-	291,415	3,440,996
Restricted – cash and cash equivalents	5,183,387	-	832,896	51,957	6,068,240
Accrued interest receivable	12,441	-	-	-	12,441
Accounts receivable – water and sewer sales	2,825,719	137,020	113,873	2,754	3,079,366
Accounts receivable – governmental agencies	564,454	-	-	-	564,454
Accounts receivable – other	28,063	-	627	58	28,748
Capital grants and loan proceeds receivable	-	4,194,515	-	-	4,194,515
Note receivable – property tax from state	-	-	3,795	4,044	7,839
Note receivable – Black Point Golf Links	-	191,861	-	-	191,861
Notes receivable – employee computer loans	6,143	-	-	-	6,143
Provision for pension related debt – current portion	67,809	-	-	-	67,809
Materials and supplies inventory	612,966	-	-	-	612,966
Prepaid expenses and deposits	39,100	-	-	1,352	40,452
Total current assets	<u>12,489,663</u>	<u>4,523,396</u>	<u>951,191</u>	<u>351,580</u>	<u>18,315,830</u>
Non-current assets:					
Restricted – investments	1,012,117	-	-	-	1,012,117
Internal balances	3,287,069	(3,287,069)	-	-	-
Note receivable – Black Point Golf Links	-	2,333,983	-	-	2,333,983
Notes receivable – employee housing loans, net	1,051,785	-	-	-	1,051,785
Provision for pension related debt	2,153,768	-	-	-	2,153,768
Deferred charges, net	77,500	-	11,376	-	88,876
Capital assets, not being depreciated	4,051,478	8,117,923	428,610	85,862	12,683,873
Depreciable capital assets, net	<u>68,290,445</u>	<u>4,241,628</u>	<u>3,856,368</u>	<u>630,711</u>	<u>77,019,152</u>
Total non-current assets	<u>79,924,162</u>	<u>11,406,465</u>	<u>4,296,354</u>	<u>716,573</u>	<u>96,343,554</u>
Total assets	\$ <u>92,413,825</u>	<u>15,929,861</u>	<u>5,247,545</u>	<u>1,068,153</u>	<u>114,659,384</u>
<u>Liabilities and Net Position</u>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 1,537,372	1,602,009	-	15,226	3,154,607
Accrued wages and related payables	131,921	9,152	28,713	9,699	179,485
Accrued claims payable	20,440	272	800	271	21,783
Customer advances and deposits	230,703	-	41,679	2,000	274,382
Accrued interest payable – long-term debt	4,681	15,737	2,439	-	22,857
Long-term liabilities – due within one year:					
Compensated absences	143,966	-	-	-	143,966
Bonds payable	-	-	35,553	-	35,553
Loans payable	615,493	191,534	39,185	-	846,212
Pension related debt	67,809	-	-	-	67,809
Total current liabilities	<u>2,752,385</u>	<u>1,818,704</u>	<u>148,369</u>	<u>27,196</u>	<u>4,746,654</u>
Non-current liabilities:					
Long-term liabilities – due in more than one year:					
Compensated absences	431,897	-	-	-	431,897
Other post-employment benefits payable	474,733	-	-	-	474,733
Bonds payable	-	-	173,650	-	173,650
Loans payable	20,811,504	8,831,731	974,057	-	30,617,292
Pension related debt	2,153,768	-	-	-	2,153,768
Total non-current liabilities	<u>23,871,902</u>	<u>8,831,731</u>	<u>1,147,707</u>	<u>-</u>	<u>33,851,340</u>
Total liabilities	<u>26,624,287</u>	<u>10,650,435</u>	<u>1,296,076</u>	<u>27,196</u>	<u>38,597,994</u>
Net position:					
Net investment in capital assets	53,982,154	3,336,286	3,847,465	716,573	61,882,478
Restricted for capital projects and debt service	2,897,573	-	45,525	49,957	2,993,055
Unrestricted	8,909,811	1,943,140	58,479	274,427	11,185,857
Total net position	<u>65,789,538</u>	<u>5,279,426</u>	<u>3,951,469</u>	<u>1,040,957</u>	<u>76,061,390</u>
Total liabilities and net position	\$ <u>92,413,825</u>	<u>15,929,861</u>	<u>5,247,545</u>	<u>1,068,153</u>	<u>114,659,384</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, 2013

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

See accompanying notes to the basic financial statements

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

	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer	Inter-District Eliminations	Total
Operating revenues:						
Water consumption sales	\$ 11,419,959	218,588	518,218	-	-	12,156,765
Bi-monthly meter service charge	2,741,700	3,347	115,583	-	-	2,860,630
Sewer service charges	-	-	-	157,311	-	157,311
Water conservation projects	16,095	-	-	-	-	16,095
Other charges and services	240,459	402	4,071	-	-	244,932
Total operating revenues	<u>14,418,213</u>	<u>222,337</u>	<u>637,872</u>	<u>157,311</u>	<u>-</u>	<u>15,435,733</u>
Operating expenses:						
Source of supply	5,128,688	-	21,495	-	-	5,150,183
Pumping	284,766	1,083	18,226	-	-	304,075
Water facilities operations	633,521	45,440	29,609	-	-	708,570
Water treatment	1,564,461	71,500	111,205	-	-	1,747,166
Transmission and distribution	2,248,716	4,323	120,093	-	-	2,373,132
Sewage collection and treatment	-	-	-	112,801	-	112,801
Customer service	554,531	-	23,367	2,636	-	580,534
General and administrative	1,260,343	19,342	56,945	22,052	-	1,358,682
Improvement projects	3,383	-	-	-	-	3,383
Water conservation projects	270,328	-	2,008	-	-	272,336
Total operating expenses	<u>11,948,737</u>	<u>141,688</u>	<u>382,948</u>	<u>137,489</u>	<u>-</u>	<u>12,610,862</u>
Operating income before depreciation	2,469,476	80,649	254,924	19,822	-	2,824,871
Depreciation	<u>(2,372,380)</u>	<u>(162,965)</u>	<u>(150,169)</u>	<u>(41,084)</u>	<u>-</u>	<u>(2,726,598)</u>
Operating income(loss)	<u>97,096</u>	<u>(82,316)</u>	<u>104,755</u>	<u>(21,262)</u>	<u>-</u>	<u>98,273</u>
Non-operating revenues(expenses):						
Property tax revenue	-	-	58,293	43,266	-	101,559
Investment earnings	66,246	63,342	-	1,386	(8,376)	122,598
Rental revenue	65,282	-	3,424	500	-	69,206
Gain from dental liability reserve offset	174,119	-	-	-	-	174,119
Interest expense – long-term debt	(540,648)	(106,855)	(18,210)	-	8,376	(657,337)
Amortization of deferred charges	(3,065)	-	-	-	-	(3,065)
Allowance for impairment of employee housing loans	(390,000)	-	-	-	-	(390,000)
Other non-operating revenues	59,968	-	723	195	-	60,886
Other non-operating expenses	(4,688)	(616)	(3,295)	(685)	-	(9,284)
Total non-operating revenues, net	<u>(572,786)</u>	<u>(44,129)</u>	<u>40,935</u>	<u>44,662</u>	<u>-</u>	<u>(531,318)</u>
Net income(loss) before capital contributions	<u>(475,690)</u>	<u>(126,445)</u>	<u>145,690</u>	<u>23,400</u>	<u>-</u>	<u>(433,045)</u>
Capital contributions:						
Developers and others	369,242	-	53,803	-	-	423,045
Contributed capital assets	224,252	-	-	-	-	224,252
Connection fees	969,080	-	36,600	-	-	1,005,680
Capital grants – federal	-	1,548,002	-	-	-	1,548,002
Capital grants – state and local	-	-	-	-	-	-
Capital contributions	<u>1,562,574</u>	<u>1,548,002</u>	<u>90,403</u>	<u>-</u>	<u>-</u>	<u>3,200,979</u>
Change in net position	<u>1,086,884</u>	<u>1,421,557</u>	<u>236,093</u>	<u>23,400</u>	<u>-</u>	<u>2,767,934</u>
Net position transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position, beginning of year	64,702,654	3,857,869	3,715,376	1,017,557	-	73,293,456
Net position, end of year	<u>\$ 65,789,538</u>	<u>5,279,426</u>	<u>3,951,469</u>	<u>1,040,957</u>	<u>-</u>	<u>76,061,390</u>

See accompanying notes to the basic financial statements

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Statistical Information Section

**North Marin Water District
Statistical Section**

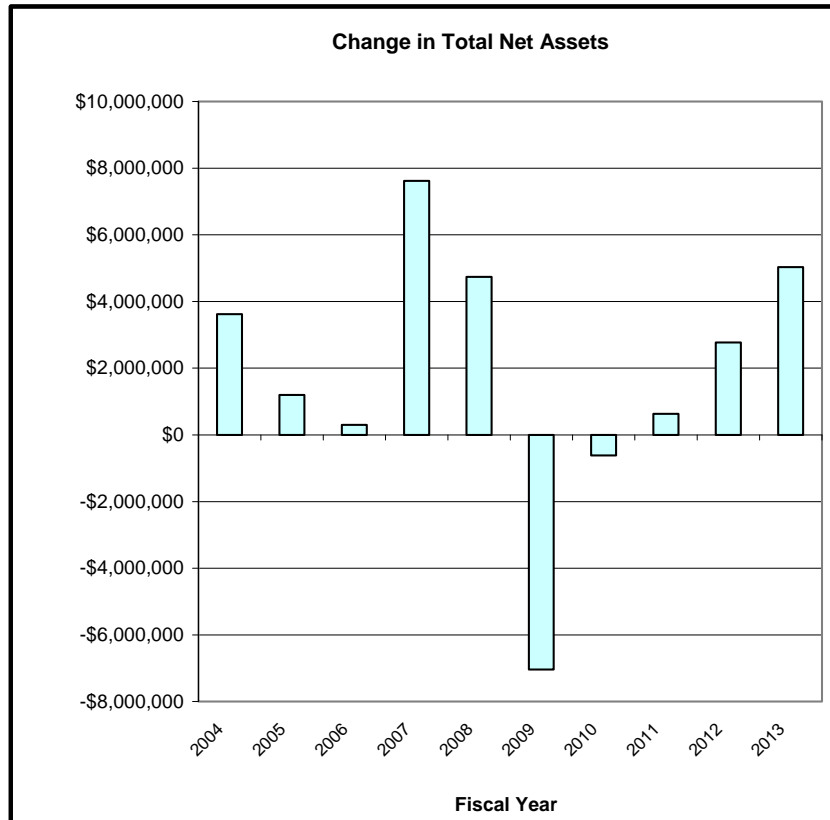
This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Table of Contents

	<u>Page No.</u>
Financial Trends These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.	51-55
Revenue Capacity These schedules contain information to help the reader assess the District's most significant own-source revenue, water sales.	56-59
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.	60-61
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the District's financial activities take place.	62-63
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.	64-65

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

	Fiscal Year		
	2004	2005	2006
Change in net assets:			
Operating revenues (see schedule 2)	\$8,545,299	\$9,545,264	\$10,089,848
Operating expenses (see schedule 3)	(8,599,620)	(9,055,754)	(10,605,417)
Depreciation and amortization	(996,414)	(1,004,844)	(1,069,150)
Operating income(loss)	(\$1,050,735)	(\$515,334)	(\$1,584,719)
Net non-op revenue(expense) (see schedule 4)	724,241	(389,534)	(251,982)
Net income(loss) before capital contributions	(\$326,494)	(\$904,868)	(\$1,836,701)
Capital contributions	3,951,431	2,099,524	2,133,298
Change in net assets	\$3,624,937	\$1,194,656	\$296,597
Net assets by component:			
Invested in capital assets, net of related debt	\$54,732,557	\$54,510,568	\$57,718,713
Restricted	15,275,334	6,721,908	7,130,109
Unrestricted	(1,158,564)	9,785,723	6,465,974
Total net assets	\$68,849,327	\$71,018,199	\$71,314,796



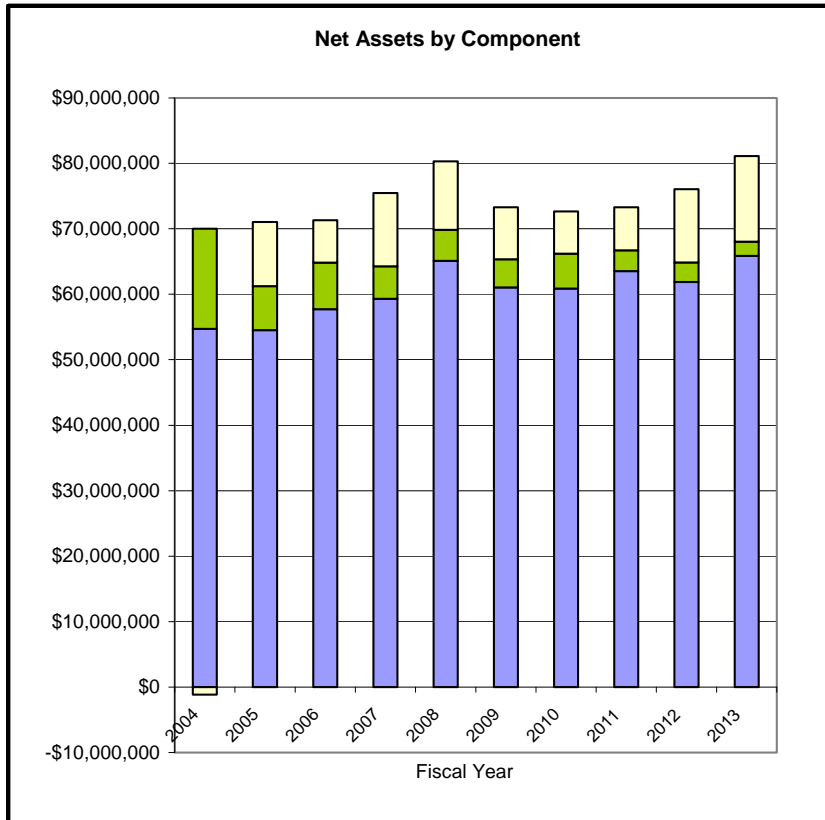
Source: North Marin Water District Audited Financial Statements

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

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

Schedule 1

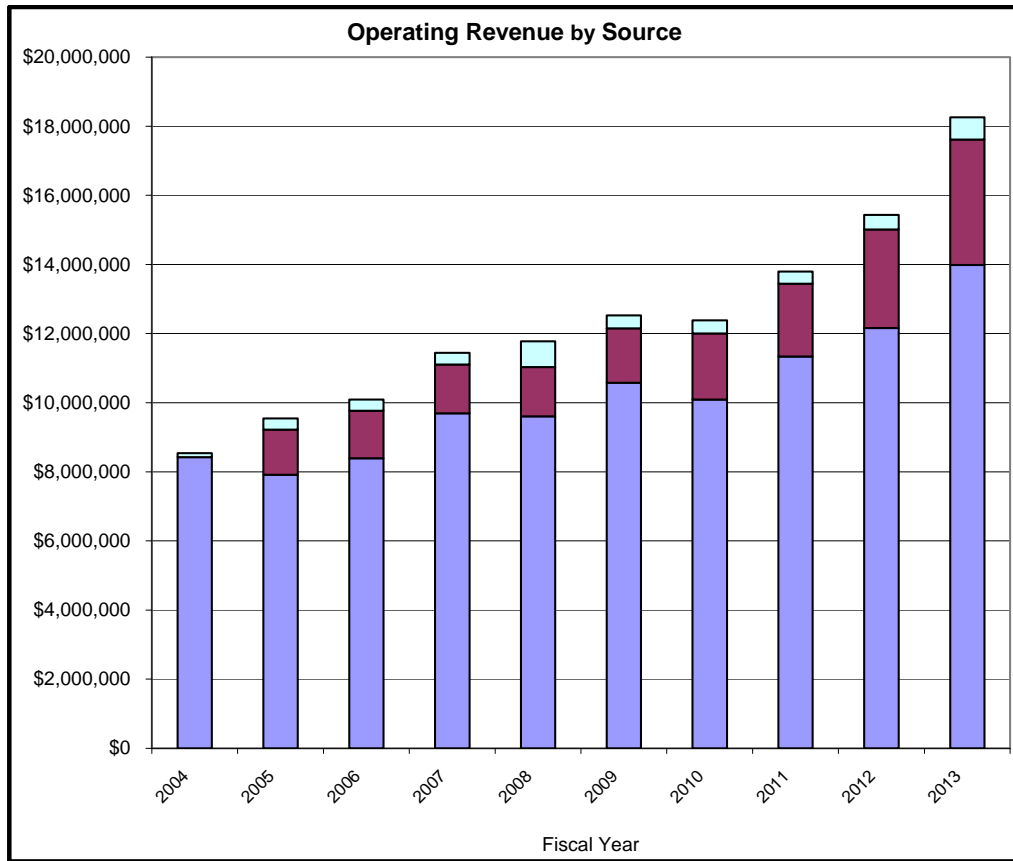
Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$11,848,037	\$11,779,157	\$12,526,294	\$12,381,493	\$13,797,012	\$15,435,733	\$18,256,638
(12,555,989)	(12,538,993)	(13,257,125)	(13,083,372)	(11,878,612)	(12,610,862)	(13,140,845)
(1,490,077)	(1,761,673)	(10,091,139) ⁽¹⁾	(2,659,883)	(2,660,418)	(2,726,598)	(2,793,360)
(\$2,198,029)	(\$2,521,509)	(\$10,821,970)	(\$3,361,762)	(\$742,018)	\$98,273	\$2,322,433
1,178,739	197,211	8,954	(255,218)	(414,563)	(531,318)	(285,490)
(\$1,019,290)	(\$2,324,298)	(\$10,813,016)	(\$3,616,980)	(\$1,156,581)	(\$433,045)	\$2,036,943
8,639,031	7,061,891	3,776,402	2,998,366	1,785,475	3,200,979	2,998,945
\$7,619,741	\$4,737,593	(\$7,036,614)	(\$618,614)	\$628,894	\$2,767,934	\$5,035,888
\$59,290,284	\$65,099,863	\$61,057,551	\$60,880,162	\$63,542,479	\$61,882,478	\$65,839,724
4,994,444	4,743,194	4,304,331	5,321,639	3,171,305	2,993,055	2,186,452
11,179,233	10,476,733	7,921,294	6,462,761	6,579,672	11,185,857	13,071,102
\$75,463,961	\$80,319,790	\$73,283,176	\$72,664,562	\$73,293,456	\$76,061,390	\$81,097,278



**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
2004	8,420,132	N/A	125,167	8,545,299
2005	7,912,004	1,311,917	321,343	9,545,264
2006	8,396,113	1,374,630	319,105	10,089,848
2007	9,693,104	1,412,428	335,692	11,441,224
2008	9,607,490	1,424,628	747,039	11,779,157
2009	10,573,368	1,581,407	371,519	12,526,294
2010	10,086,100	1,913,170	382,223	12,381,493
2011	11,334,728	2,109,255	353,029	13,797,012
2012	12,156,765	2,860,630	418,338	15,435,733
2013	13,987,034	3,630,425	639,178	18,256,638

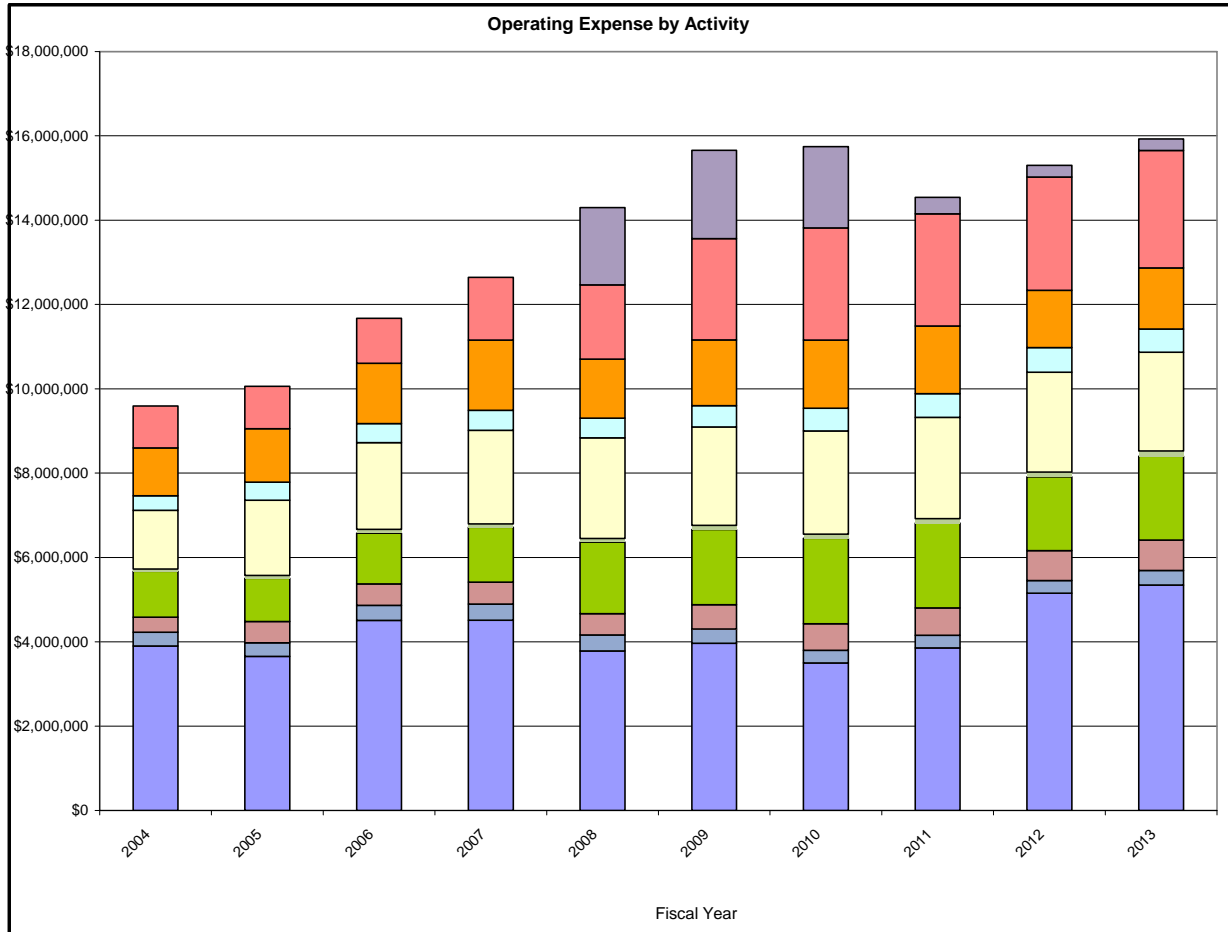


Source: North Marin Water District Audited Financial Statements

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

Schedule 3

Fiscal Year	Source of Supply	Pumping	Operations	Water Treatment	Sewage Coll. & Treat.	Transmission & Distrib	Customer Service	General & Admin	Other Op Expense	Deprec and Amortization (1)	Total Op Expense
2004	3,902,293	324,079	357,988	1,088,440	54,890	1,391,690	346,868	1,133,372	-	996,414	9,596,034
2005	3,654,013	324,111	500,523	1,028,268	68,113	1,783,140	425,700	1,271,886	-	1,004,844	10,060,598
2006	4,508,463	358,844	504,493	1,205,527	88,997	2,059,033	450,280	1,429,780	-	1,069,150	11,674,567
2007	4,513,365	381,723	518,996	1,303,084	78,331	2,222,327	474,082	1,663,330	-	1,490,077	12,645,315
2008	3,782,414	379,341	506,287	1,698,781	84,418	2,385,742	466,301	1,400,768	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



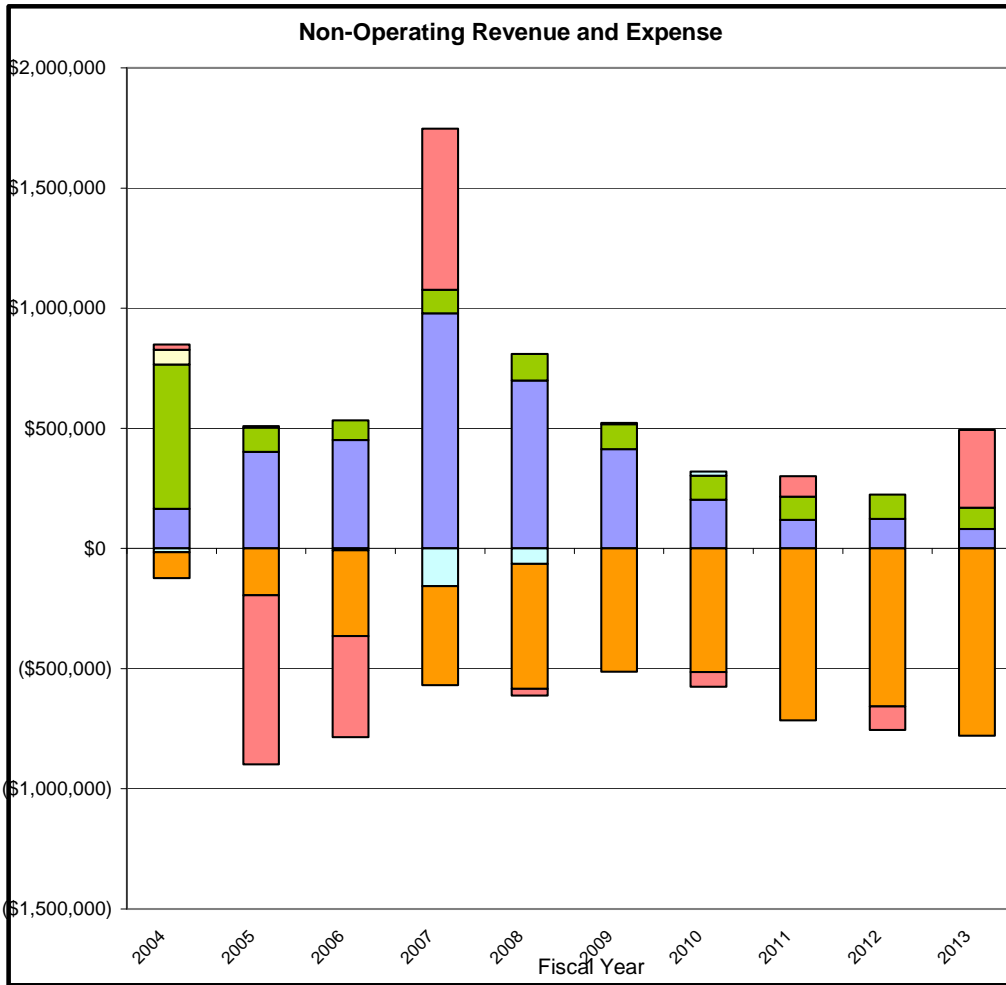
Source: North Marin Water District Audited Financial Statements

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

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

Schedule 4

Fiscal Year	Investment Income ⁽¹⁾	Property Taxes	Grant Revenue	Gain/(Loss) on Asset Sales	Interest Expense	Other Inc & Exp, net	Net Non-Op Rev/(Exp)
2004	164,878	600,979	61,000	(15,799)	(107,839)	21,022	724,241
2005	402,249	100,708	-	6,015	(194,860)	(703,646)	(389,534)
2006	450,799	82,137	-	(7,178)	(357,793)	(419,947)	(251,982)
2007	978,923	97,919	-	(157,126)	(411,543)	670,566	1,178,739
2008	699,107	110,129	-	(64,347)	(519,484)	(28,194)	197,211
2009	413,681	103,630	-	-	(513,314)	4,957	8,954
2010	202,459	100,220	-	17,796	(513,763)	(61,930)	(255,218)
2011	118,410	96,768	-	-	(715,491)	85,750	(414,563)
2012	122,598	101,559	-	-	(657,337)	(98,138)	(531,318)
2013	80,713	88,088	-	-	(778,763)	324,472	(285,490)



Notes:

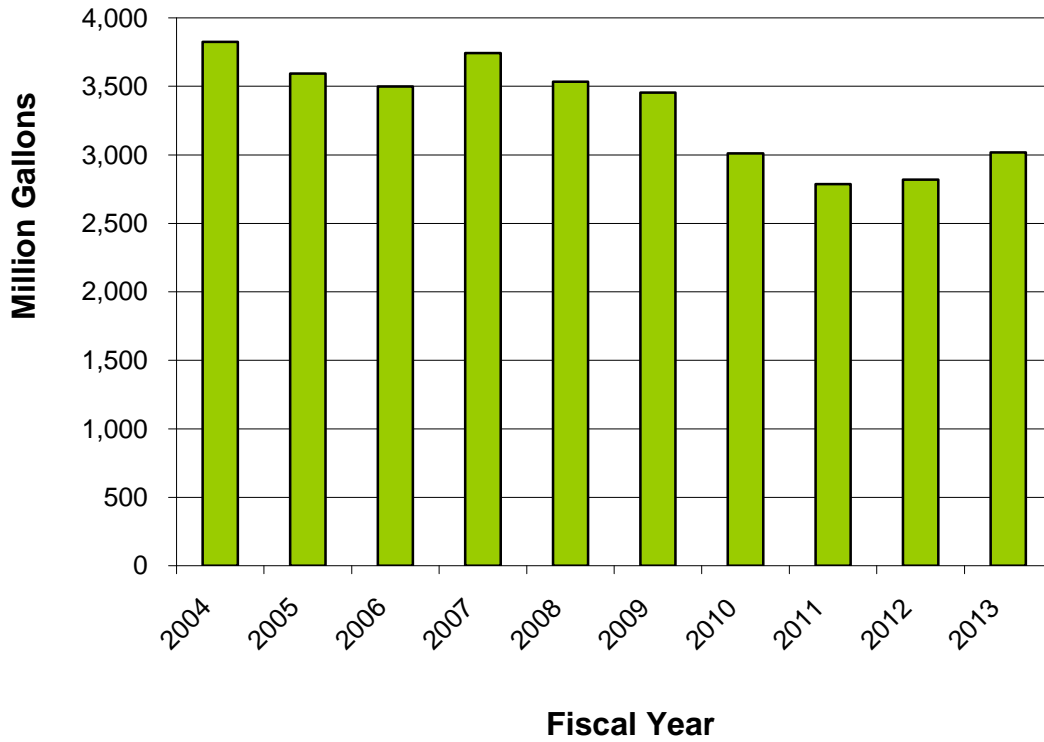
(1) Includes interest income and realized and unrealized gains and losses on investments.

Source: North Marin Water District Audited Financial Statements

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

Schedule 5

<u>Fiscal Year</u>	Water Consumption (Million Gallons)
2004	3,824
2005	3,593
2006	3,498
2007	3,743
2008	3,533
2009	3,454
2010	3,011
2011	2,786
2012	2,820
2013	3,018



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			
2004	17,072	660	1,198	200	-	740	209	20,079
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

Source: North Marin Water District - Finance Department

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

Schedule 7

Bimonthly Service Charge

Meter Size	6/30/04	6/30/05	6/30/06	6/30/07	6/30/08	6/30/09	6/30/10	6/30/11	6/30/12	6/30/13
5/8" & 3/4"	\$9.00	\$10.00	\$10.00	\$10.00	\$10.00	\$13.20	\$14.40	\$20.00	\$25.00	\$30.00
1"	\$18.00	\$20.00	\$20.00	\$20.00	\$20.00	\$26.40	\$28.80	\$40.00	\$50.00	\$60.00
1 1/2"	\$22.00	\$24.00	\$24.00	\$24.00	\$24.00	\$32.40	\$35.30	\$49.00	\$61.00	\$73.00
2"	\$34.00	\$38.00	\$38.00	\$38.00	\$38.00	\$50.40	\$54.95	\$76.00	\$95.00	\$114.00
3"	\$68.00	\$75.00	\$75.00	\$75.00	\$75.00	\$99.60	\$108.55	\$151.00	\$189.00	\$227.00
4"	\$112.00	\$120.00	\$120.00	\$120.00	\$120.00	\$159.60	\$173.95	\$242.00	\$303.00	\$364.00
6"	\$226.00	\$251.00	\$251.00	\$251.00	\$251.00	\$334.80	\$364.95	\$507.00	\$634.00	\$761.00
8"	\$338.00	\$375.00	\$375.00	\$375.00	\$375.00	\$499.20	\$544.15	\$756.00	\$945.00	\$1,134.00

Water Use Rate (per 1,000 Gallons)

User Type	6/30/04	6/30/05	6/30/06	6/30/07	6/30/08	6/30/09	6/30/10	6/30/11	6/30/12	6/30/13
<u>Residential</u>										
Zone A Base Rate ⁽¹⁾	\$1.64	\$2.01	\$2.21	\$2.27	\$2.27	\$3.02	\$3.29	\$3.49	\$3.73	\$4.03
Tier 1: 616-1845 gpd	-	-	-	\$3.61	\$3.61	\$4.81	\$5.24	\$5.55	\$5.94	\$6.42
Tier 2: >1845 gpd	\$5.66	\$6.02	\$6.22	\$6.28	\$6.28	\$8.36	\$9.11	\$9.66	\$10.34	\$11.17
<u>Non-Residential</u>										
Zone A Base Rate ⁽¹⁾	\$1.64	\$2.01	\$2.21	\$2.41	\$2.61	\$3.48	\$3.62	\$3.84	\$4.11	\$4.44
Seasonal Rate	-	-	-	-	-	-	\$3.90	\$4.13	\$4.42	\$4.77

Notes:

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

Source: North Marin Water approved rates

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

Schedule 8

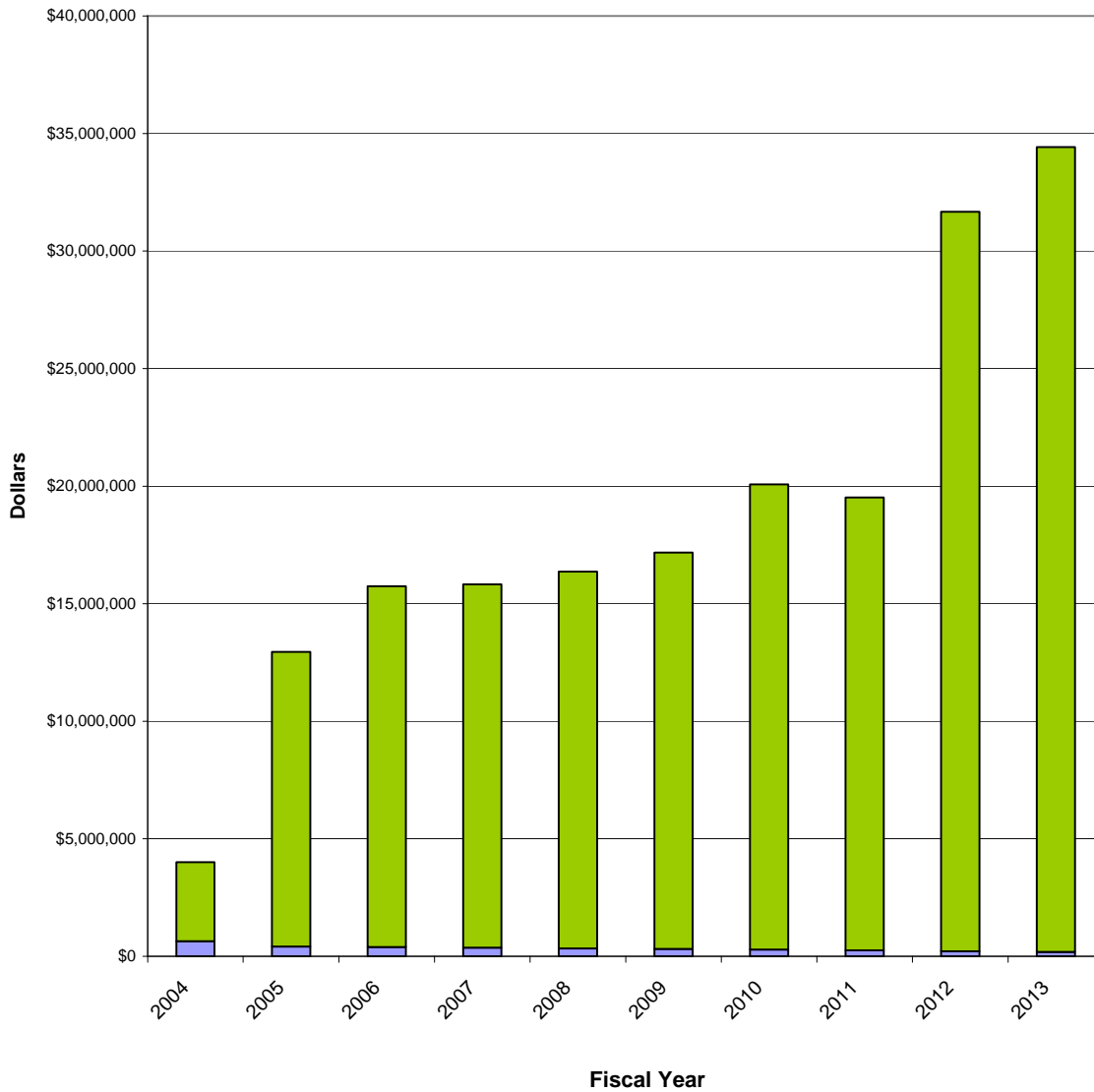
	FY 2012/13	% of Total	FY 2002/03	% of Total
1	City of Novato	2.2%	Coast Guard Spanish Housing	2.0%
2	Novato Unified School District	1.8%	Novato Unified School District	1.7%
3	StoneTree Golf Course	1.6%	City of Novato	1.5%
4	Fireman's Fund	0.9%	StoneTree Golf Course	1.2%
5	Coast Guard Spanish Housing	0.8%	Fireman's Fund	1.0%
6	Biomarin Pharmaceutical	0.7%	Lanham Village HOA	0.6%
7	Meadow Park HOA	0.6%	Indian Valley Golf Course	0.6%
8	Indian Valley Golf Course	0.6%	Marin Valley Mobile Country Club	0.5%
9	Bay Vista Apartments	0.5%	Marion Park Apartments	0.5%
10	Marion Park Apartments	0.5%	Marin Country Club	0.4%
		<u>10.1%</u>		<u>10.0%</u>
	Total Water Service Revenue	\$17,530,000		\$7,480,000

Source : NMWD Billing System

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

Schedule 9

Fiscal Year	Bonds Payable	Loans Payable	Total		
			Debt	Per Capita	As a Share of Personal Income ⁽¹⁾
2004	\$645,172	\$3,360,808	\$4,005,980	\$70.28	0.10%
2005	421,768	12,527,765	12,949,533	219.48	0.28%
2006	396,243	15,338,404	15,734,647	262.24	0.31%
2007	363,593	15,458,618	15,822,211	259.38	0.29%
2008	335,801	16,020,049	16,355,850	268.13	0.30%
2009	312,878	16,856,896	17,169,774	281.47	0.33%
2010	282,809	19,790,955	20,073,764	329.08	0.36%
2011	250,587	19,260,766	19,511,353	319.86	0.34%
2012	209,203	31,463,504	31,672,707	519.22	0.55%
2013	181,652	34,241,715	34,423,367	564.32	0.59%



Source: North Marin Water District Audited Financial Statements

⁽¹⁾ Per Capita/Personal Income per Capita (See Schedule 11)
N/A - Data not available

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

Schedule 10

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

Notes:

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

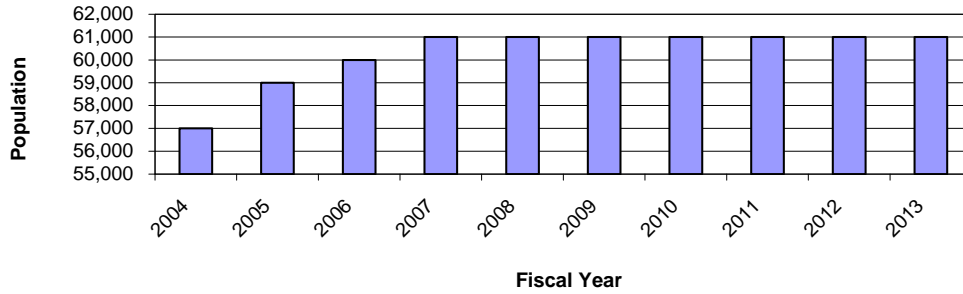
Source: North Marin Water District Audited Financial Statements

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

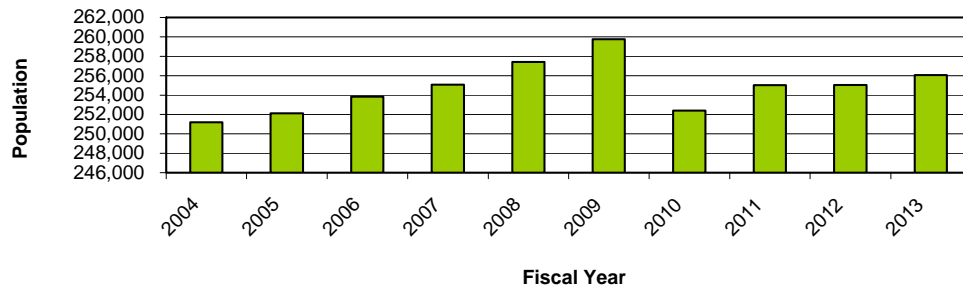
Schedule 11

Year	Novato		County of Marin		
	Population	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2004	57,000	5.6%	251,202	18,114,794	72,112
2005	59,000	4.8%	252,116	19,763,926	78,392
2006	60,000	4.5%	253,818	21,800,000	85,888
2007	61,000	4.4%	255,080	22,600,000	88,600
2008	61,000	5.6%	257,406	23,200,000	90,130
2009	61,000	9.6%	259,772	22,400,000	86,229
2010	61,000	9.4%	252,409	22,800,000	90,330
2011	61,000	9.1%	255,015	24,300,000	95,289
2012	61,000	7.9%	255,031	23,920,000	93,793
2013	61,000	6.0%	256,069	24,342,800	95,063

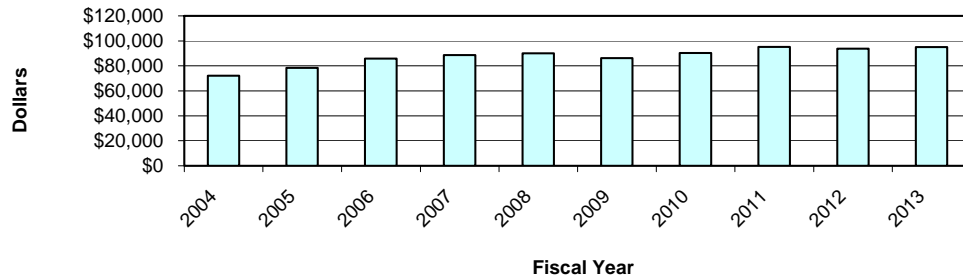
Population - Novato



Population - Marin County



Personal Income per Capita - Marin County



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

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

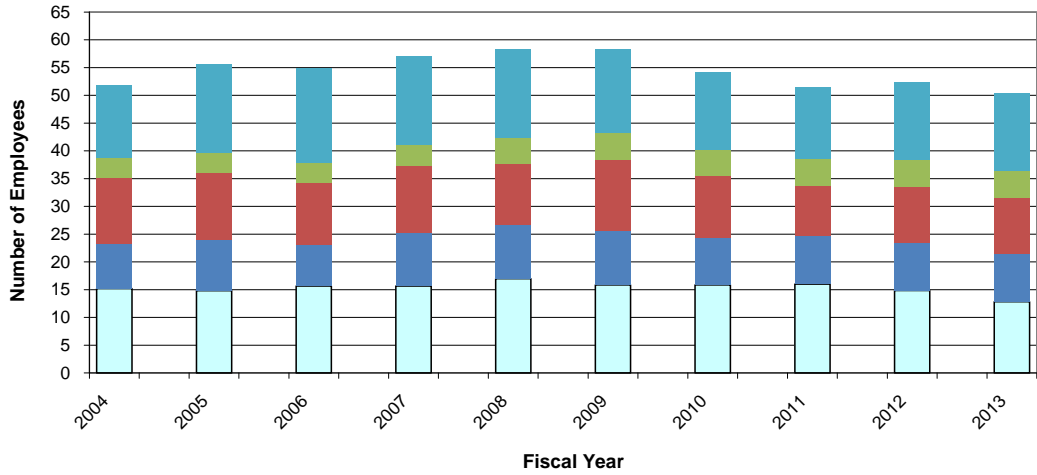
FY 2012/2013			FY 2003/2004		
Employer	Number of Employees	Percent of Total Employment	Employer	Number of Employees	Percent of Total Employment
1 Novato Unified School District	800	3.04%	Fireman's Fund	1400	5.81%
2 Fireman's Fund	736	2.80%	Novato Unified School District	860	3.57%
3 BioMarin Pharamaceutical	607	2.31%	Greenpoint Mortgage	560	2.32%
4 2K/Visual Concepts Entertainme	398	1.51%	Novato Community Hospital	307	1.27%
5 Cagwin & Dorward	387	1.47%	Marin Independent Journal	300	1.24%
6 Costco Wholesale	294	1.12%	Riverdeep	297	1.23%
7 Novato Community Hospital	291	1.11%	Costco Wholesale	250	1.04%
8 Target Store	268	1.02%	Brayton & Associates	244	1.01%
9 Buck Institute	261	0.99%	City of Novato	234	0.97%
10 Safeway Stores	243	0.92%	Birkenstock	230	0.95%
	4,285	16.29%		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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administrative Services	15	15	16	16	17	16	16	16	15	13
Engineering Services	8	9	8	10	10	10	9	9	9	9
Construction /Maintenance	12	12	11	12	11	13	11	9	10	10
Water Quality	4	4	4	4	5	5	5	5	5	5
Operations / Maintenance	13	16	17	16	16	15	14	13	14	14
	52	56	55	57	58	58	54	52	53	51



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

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

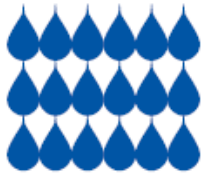
Schedule 14

Other Operating and Capacity Indicators

Fiscal Year	District Area (Square Miles)	Miles of Pipeline	Number of Fire Hydrants	System Storage Capacity (MG)
2004	100	310	2,501	34
2005	100	321	2,568	34
2006	100	324	2,670	34
2007	100	337	2,713	35
2008	100	341	2,749	35
2009	100	343	2,762	38
2010	100	345	2,773	38
2011	100	346	2,785	38
2012	100	348	2,785	38
2013	100	356	2,797	39

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

Certified Public Accountants
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, 2013, 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, 2013.

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, 2013

10

MEMORANDUM

To: Board of Directors
From: Robert Clark, Operations / Maintenance Superintendent *RC*
Subj: Approve Village Marin Master Association Agreement Extension
x:\maint sup\2014\bod\vmma agre ext memo.doc

November 1, 2013

RECOMMENDED ACTION: Approve Lease Agreement Extension

FINANCIAL IMPACT: \$2,500 annual income

The Village of Marin Master Association (VMMA) currently has a ten-year license agreement with the District allowing use of Pacheco Tank roof for four tennis courts. The courts were installed at this site in 1975 during the construction of the Village Marin area. The current agreement runs through December 31, 2013 with a provisional option to extend the term for an additional ten years. The current annual fee is \$2,150. The Village of Marin Master Association (VMMA) is in good standing with the District, and has requested to exercise this option (with minor modifications).

The VMMA is a small group of homeowners, with an agreement to manage and maintain the courts for their exclusive use. The agreement modifications requested by the VMMA pertain to how they address their responsibilities to charge the homeowners to fund their maintenance obligations. The District has also revised the insurance limits to meet its current levels of liability and increased the annual fee to \$2,500, with a \$50 annual escalator to account for additional staff time and attorneys' fees. The modified agreement has been reviewed and approved by staff and the District's legal counsel.

RECOMMENDATION:

Board authorize staff to grant the Village Marin Master Association's request for an agreement extension for a ten-year term, from January 1, 2014 to December 31, 2023.

Approved by GM *CD*

Date *4/1/2013*

AGREEMENT

The NORTH MARIN WATER DISTRICT, a public corporation, hereinafter referred to as "the District", and VILLAGE MARIN MASTER ASSOCIATION, a California Nonprofit Mutual Benefit Corporation, hereinafter referred to as "the Association," agree as follows:

1. The District hereby grants to the Association the right to use the District's Pacheco Reservoir site in Novato, California ("the Reservoir") as a tennis court facility, and the right to access the Tennis Courts via the appurtenant parking areas, access road, paths, fences and gates, as the Association has done since 1975. The boundary of the agreement area is shown on Exhibit A attached hereto and made a part hereof.
2. The areas subject to this Agreement shall be referred to herein as follows:
 - a. "Tennis Courts" shall refer to the 4 tennis courts on the surface of the water tank, related nets and benches and other similar features, as well as the 12-foot vinyl-coated chain-link fence that surrounds the tennis courts.
 - b. "Access Areas" shall refer to the roadway from Alameda del Prado to and including the paved parking area that accommodates not fewer than 12 cars, and the security fences and gates located at the base of the roadway and near the paved parking area.
3. As long as this Agreement is in effect, the Association shall have the exclusive right to use and occupy the Tennis Courts for use as a tennis facility for the Association's members, the members' tenants who reside in the member's property, and the members' family. Guests of members (those who are not family members or tenants) must be accompanied by a member, a member's family member, or a tenant of the member when using the Tennis Courts. The District agrees not to allow any other persons or entities, including District employees, agents, representatives, or guests, to use the Tennis Courts as a tennis facility as long as this Agreement is in effect. The District benefits from granting these rights as (1) granting these rights ensures that the Tennis Courts and the Access Areas will be frequently monitored and observed by the Association's members and its Board of Directors, such that any vandalism or other concerns will be promptly reported to the District, (2) certain maintenance and care of the Tennis Courts and adjacent parking area will be provided by the Association, and (3) continuous use by the Association since 1975 has not damaged the Reservoir or the Access Areas or impeded in any way the Reservoir's primary purpose as a water utility property. The Association and its members and guests accompanied by members shall have a non-exclusive right to use the Access Areas for ingress and egress to the Tennis Courts, and a non-exclusive right to access the Tennis Courts by automobiles parked at the paved parking area within the Access Areas. The Association acknowledges that the access road is and will continue to be used by numerous other local public entities and by privately owned public utilities.

4. The Association acknowledges that the primary use of the Reservoir is by the District as a water utility property and that its use pursuant to this Agreement is secondary and subordinate to said primary use. The Association shall not at any time use, or permit any member to use, the Tennis Courts or the Access Areas, or any part of them, in any manner that will interfere with or impair the primary use of the Reservoir as a water facility by the District. The District shall have the right without liability or notice to the Association to suspend or limit the Association's use of the Tennis Courts and Access Areas during such periods as the District shall solely determine to be necessary in the operation or maintenance or repair of the Reservoir as a water facility.
5. The Association shall not construct or permit the construction of any structure or improvement on or related to the Tennis Courts unless the plans and specifications therefore are first approved in writing by the District. All construction and maintenance on or related to the Tennis Courts shall be performed in a good and workmanlike manner and shall be in accordance with plans and specifications previously approved in writing by the District. Windscreens shall not be permitted on the fence that surrounds the Tennis Courts.
6. The Association may at its option install footpaths from the Pacheco Valle subdivision to the Tennis Courts, or lighting for the Tennis Courts or parking areas, provided necessary permits are obtained by the Association, and said improvements have been approved in advance in writing by the District.
7. All construction and maintenance by the Association shall be without cost to the District and the Association shall hold the District harmless from claims for labor or materials in connection therewith. At the request of the District, the Association shall require each of its contractors doing work on or related to the Tennis Courts and/or the Access Areas to furnish a performance or maintenance bond in amounts and on terms specified by the District, or make other arrangements satisfactory to the District to ensure completion and performance, to maintain personal injury and property damage liability insurance coverage as specified in Section 13.a. of this Agreement, and to indemnify the District, its officers, employees, and agents and hold them harmless for any liability, claim or damage to persons or property in any manner arising out of the construction or maintenance activities.
8. The Association shall, without cost to the District, generally maintain the Tennis Courts in good condition and repair, secure and bar access to any area of any Tennis Court not suitable for use as a tennis facility, and keep the Tennis Courts and the adjacent parking area clean, orderly and free of refuse and debris. The Association shall pay for all electric power furnished to the Tennis Courts for lighting and pay for trash disposal and all other services related to the use of Tennis Courts by the Association.
9. The Association shall have the right to control the use of the Tennis Courts for tennis or similar compatible sports, in such manner as the Association sees fit, for its members,

provided that such use of the Tennis Courts shall not be restricted in any way on the basis of race, sex, creed or nationality or any other criterion that would violate the federal and state constitutions or statutes.

10. The effective date of this Agreement shall be January 1, 2014, and its initial term shall be for ten years, from the effective date to and until December 31, 2023. Prior to the expiration of this initial term, the District shall offer renewal of the Agreement to the Association for a period of not less than ten (10) years provided the Association agrees to reasonable conditions, insurance and financial arrangements then deemed necessary by the District. If agreement to renewal terms cannot be reached by the parties within sixty (60) days after the expiration of this initial term, the Association may remove its personal property from the Tennis Courts and Access Areas including tennis nets and posts and any lighting fixtures but excluding fences, gates or other structures affixed to the Tennis Courts.
11. If a breach of any term or condition of this Agreement occurs and if, after written notice, the Association fails to remedy or cure said breach to the satisfaction of the District within thirty (30) days or such longer period of time necessary to cure said breach as determined by the District, the District may terminate this Agreement. In the event that damage occurs that requires immediate repair, as determined solely by the District, the District may undertake and perform any repair or action it deems necessary and bill the full cost of said repairs or actions to the Association and the Association shall pay said cost within thirty (30) days of receipt of invoice therefore.
12. The Association shall pay the District an annual fee of Two thousand five hundred dollars (\$2,500) in advance on or before the 15th day of January, 2014, and shall pay for each subsequent year, on or before the 15th day of January of each year thereafter during the term of this Agreement, the amount set forth below. If this Agreement is terminated, no portion of any fee heretofore paid shall be refunded.

2015: \$2,550
2016: \$2,600
2017: \$2,650
2018: \$2,700
2019: \$2,750
2020: \$2,800
2021: \$2,850
2023: \$2,900
2024: \$2,950

13. The Association shall indemnify the District, its officers, employees, and agents and hold them harmless for any liability, claim or damage to persons or property in any manner arising out of the exercise of the rights and privileges granted and obligations required by this Agreement. Throughout the term of this Agreement the Association shall, at its expense, maintain in effect the following policies of insurance:

- a. personal injury and property damage liability insurance with a combined single limit of not less than two million dollars (\$2,000,000), which names the District and its officers, Directors, employees and agents as additional insureds and is primary to all insurance policies paid for by the District, and
- b. fire and extended coverage endorsement, vandalism and malicious mischief insurance with limits of not less than one hundred fifty thousand dollars (\$150,000) which names the District as loss payee as its interest may appear.

Association shall provide District with evidence of required insurance in force in the form of a full copy of the policy including declarations, insuring agreement, definitions, exclusions, conditions and endorsements. Said policies shall be endorsed to be non-cancelable without forty-five (45) days prior written notice to the District. Any breach of any provision of this section 13 shall be grounds for termination of this Agreement by the District. The District shall review the adequacy of the limits of coverage in subsections a. and b. above from time to time, but at intervals not greater than five (5) years, and may require adjustment of such limits of coverage equal to the percentage increase in the then current Construction Cost Index published monthly by the Engineering News Record and entitled "20 City Index." Should said index be unavailable in the future, the District will substitute some reasonable alternative index as a measure of inflation. The District shall notify the Association of such required adjustment in insurance coverage and Association shall have six (6) months to comply with such notification.

- 14. This Agreement shall not be assigned to any successors of the Association without the prior written consent of the District.
- 15. This Agreement shall supersede any prior Agreements between the parties.

Signature Page Follows

///
///
///

IN WITNESS WHEREOF, the parties have executed this agreement on the date first above written.

NORTH MARIN WATER DISTRICT: _____ By: Its: President	Date: _____
_____ By: Its: Secretary	Date: _____

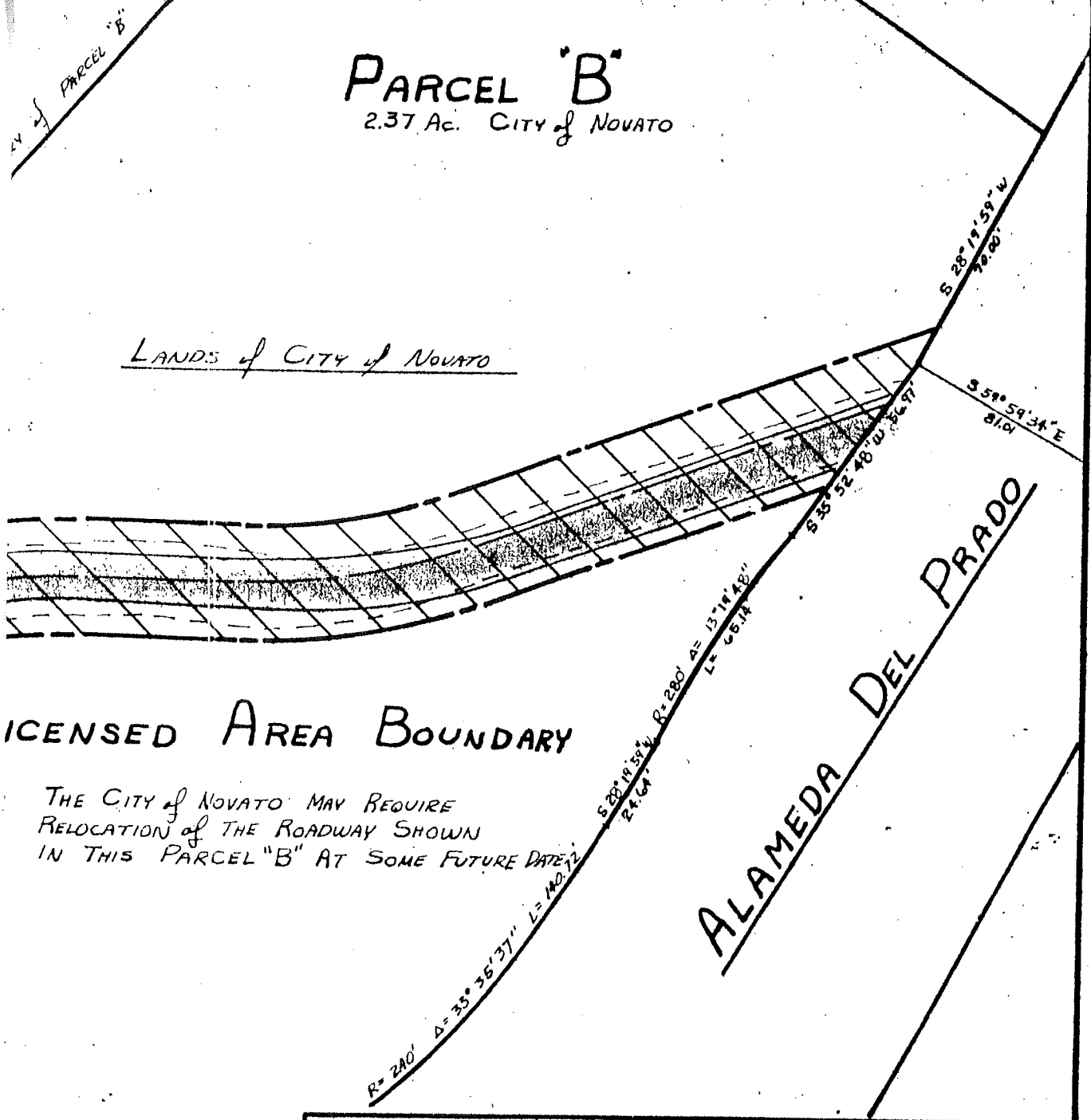
VILLAGE MARIN MASTER ASSOCIATION, A California Nonprofit Mutual Benefit Corporation _____ By: Its: President	Date: _____
_____ By: Its: Secretary	Date: _____

Part of Parcel "B"

PARCEL "B"

2.37 Ac. CITY of NOVATO

LANDS of CITY of NOVATO



LICENSED AREA BOUNDARY

THE CITY of NOVATO MAY REQUIRE RELOCATION of THE ROADWAY SHOWN IN THIS PARCEL "B" AT SOME FUTURE DATE.

NORTH MARIN COUNTY WATER DISTRICT
NOVATO, CALIFORNIA

EXHIBIT "A"

THE LICENSED AREA BOUNDARY

		DES	DR	CH	REC	SCALE	1" = 40'-0"		
			RDG			DATE	SEPT. 12, 1975		
		APPROVED				SHEET NO. 1 OF 1 SHEETS			
BY	APP.	R.E. 11695				NO. 1601-C-40			

10/14/75 Adm. File Copy

11

MEMORANDUM

To: Board of Directors

Date: November 1, 2013

From: Drew McIntyre, Chief Engineer


Subject: Approve CSW/ST² Contract Amendment
Marin Sonoma Narrows/Aqueduct Energy Efficiency Project

R:\Folders by Job No\7000 jobs\7118\Consultants Folder\CSW\7118 CSW Contract Amendment 3 for Aqueduct Upsizing BOD Memo 11-1-13.docx

RECOMMENDED ACTION: Board authorize General Manager to execute a contract amendment with CSW/Stuber-Stroeh for additional design services related to the Aqueduct Energy Efficiency Project (AEEP).

FINANCIAL IMPACT: \$121,200 (included in FY13-14 CIP Budget)

Background

An overview of the Caltrans Marin Sonoma Narrows (MSN) and Aqueduct Energy Efficiency Projects (AEEP) was provided to the Board at the September 17, 2013 meeting. While construction is underway for the MSN B1 – AEEP Reach E project, CalTrans is still designing the MSN B3 segment and the District is paying CSW/ST² for 'betterment' design costs related to the District's AEEP Reaches A-D. All design work is expected to be finished for the MSN B3-AEEP Reach A-D segments by December 2013 (map included as Attachment 1).

CSW/ST² Consulting Services Contract

The Board approved a contract with CSW/ST² for design work on the AEEP project at the January 18, 2011 meeting for \$236,540 (plus a \$24,000 contingency). A contract amendment in the amount of \$17,160 for additional services was issued in August, 2011. In April 2013, Staff requested that CSW/ST² reassess their scope and budget to identify anticipated costs to complete the project. As a result of said request, CSW/ST² submitted a proposal for additional services and a second contract amendment in the amount of \$80,600 was approved by the Board at the May 21, 2013 meeting (for a contract total of \$334,300). The attached proposal (Attachment 2) identifies additional project management costs of \$42,000 due to the extended design duration of the project and extra work that has been requested by the District to assist staff in finalizing the Aqueduct Energy Efficiency Project design (\$31,200) plus services during construction (\$48,000). Approximately 50% of the total \$121,200 will be billed to Caltrans for reimbursement. A summary of CSW/ST²'s contract modifications since initial approval in January 2011 is provided below.

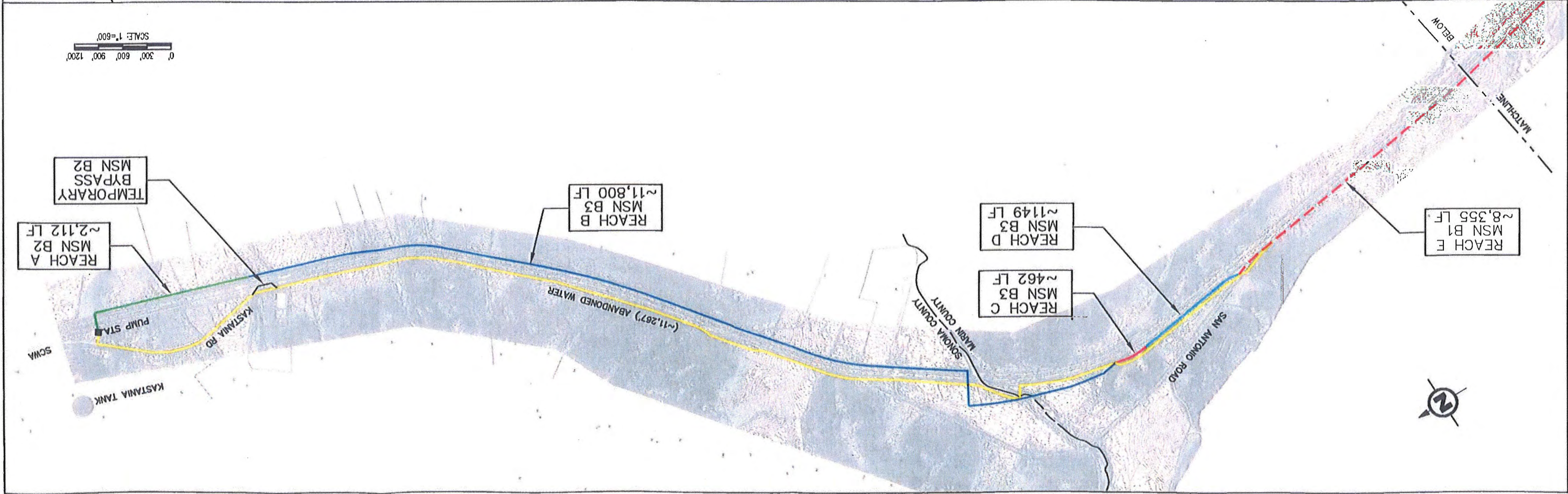
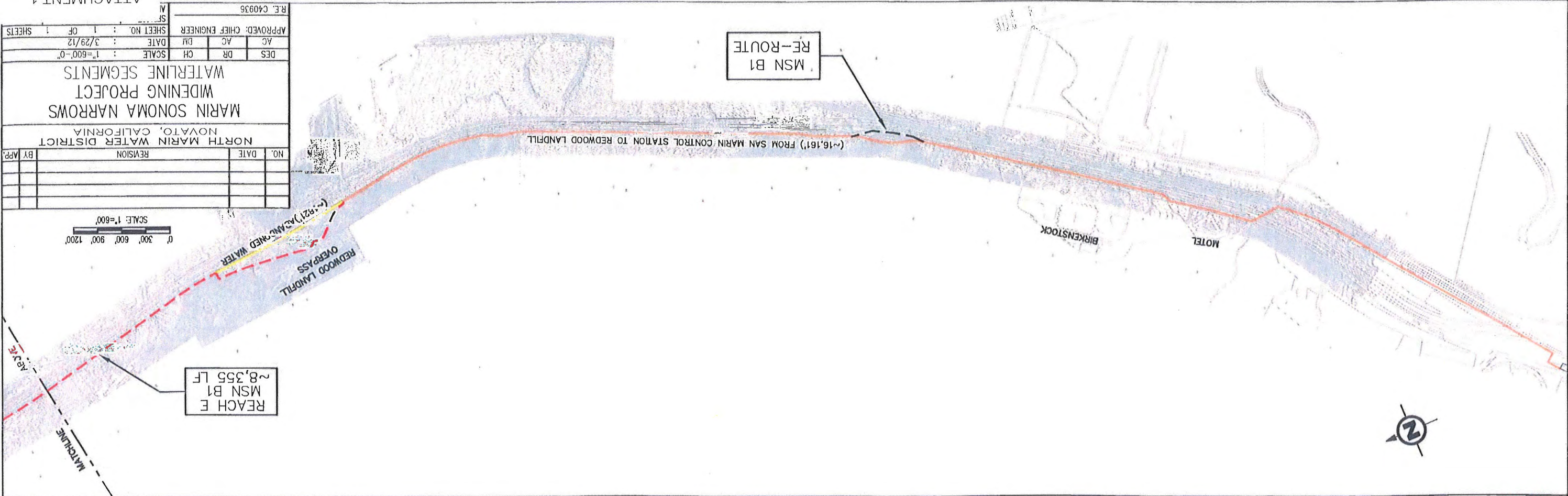
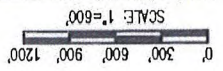
<i>Amendment No.</i>	<i>Date</i>	<i>Description</i>	<i>Fee Amount</i>	<i>Cumulative Total</i>	<i>Approved Contingency Balance</i>
	January 2011	Award Consulting Services Agreement to CSW	\$236,540	\$236,540	\$24,000
1	August 2011	Additional services for Aqueduct Energy Efficiency Project	\$17,160	\$253,700	\$6,840
2	May 2013	Additional services for Aqueduct Energy Efficiency Project	\$80,600	\$334,300	
3	November 2013	Additional design support services for MSN and Aqueduct Energy Efficiency Project	\$121,200	\$455,500	

RECOMMENDATION

Authorize the General Manager to execute a contract amendment with CSW/Stuber-Stroeh in the amount of \$121,200 for additional design engineering services related to the MSN and Aqueduct Energy Efficiency Project.

ATTACHMENT 1

R.E. C40936	
DESIGNER	DR
DATE	3/29/12
SCALE	1"=600'-0"
MARN SONOMA NARROWS WIDENING PROJECT WATERLINE SEGMENTS	
NORTH MARIN WATER DISTRICT, CALIFORNIA	
NO.	DATE



Date: October 7, 2013
File: 4.1131.02

Mr. Drew McIntyre, Chief Engineer
North Marin Water District
PO Box 146
Novato, CA 94948-0146

**RE: NORTH MARIN WATER DISTRICT, AEEP
AMENDMENT TO CONFIRMATION OF ADDITIONAL SERVICES NO. 3**

Dear Drew:

We have attached a synopsis of the Project fees through September 29, 2013. As you know, we have incurred additional costs on some phases and under spent budget on other phases. We expect to provide additional services for three items for which we are requesting additional compensation: Project Management, Alternative Bid set for a 30 inch pipeline, and Construction Administration for the AEEP (reaches A-D).

SCOPE OF SERVICES

- A. **PROJECT MANAGEMENT:** In our original proposal, dated January 13, 2011 (executed February 9, 2011), we expected to complete the design work for the AEEP in 12 months. (The attached schedule actually indicated Reach B work target completion as December, 2011.) As you know, Caltrans and others have significantly prolonged this schedule such that the design is now in its final stages and is anticipated to be complete by November 2013. In addition, our original scope did not include Construction Administration which will take the work into mid 2015. The project management services to date are approximately \$42,400. Assuming there are approximately 21 months (October, 2013 to June, 2015) of project-related costs, we are projecting an average of \$2,000 per month to support the NMWD effort during that time. This will bring the average monthly PM fees to about \$1,560 (\$84,400 over 54 months), or slightly under the original allocation of \$1,667 (\$20,000 over 12 months).
- B. **ALTERNATIVE BID SET:** Our September 18, 2013 letter covers the details of the scope and fees for this work.
- C. **CONSTRUCTION ADMINISTRATION (REACHES A-D).** In June of this year you allocated \$30,000 to cover construction support for the B-1 Project. To date we have used approximately \$12,000 to cover submittals and other construction-related requests and coordination which are not Caltrans/TAM Responsibility. (The Caltrans/TAM responsibility is invoiced to BKF under our design contract for the B1 (Reach E) segment of the work and covers RFIs. This includes \$31,400 which is a direct result of RFI 37, which required moving the pipeline at the north end to accommodate the gas line which was supposed to be removed prior to the pipeline work and RFI 42, which

Mr. Drew McIntyre
North Marin Water District
October 7, 2013
Page 2

required moving the pipeline to the easterly side of the easement since the agreement Caltrans made with Silveira precluded access onto Silveira's property to construct the pipeline.) We anticipate a minimal amount of work going forward to complete the B1 pipeline work and prepare the As-Builts based on Ghilotti Construction's filed notes.

For the AEEP phase of the project, the Construction Administration phase will be more involved. NMWD will be taking on the prime role of Contracting Agency (instead of Caltrans) and will be responsible for the complete administration of not only the Contract for Reach B (the relocation directly resulting from the highway work), but also the work on Reaches A, C and D. We suggest that we budget \$53,000 for this work. Attached is a preliminary breakdown of our estimate. We should have approximately \$5,000 remaining in the present Construction effort.

FEES

A.	Project Management	\$42,000
B.	Alternative Bid Set	\$31,200
C.	Construction Administration Reach A, B, C/D	\$48,000
<hr/>		
	TOTAL	\$121,200

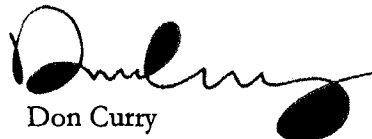
Drew, we appreciate the opportunity to work with you and NMWD in implementing the AEEP and improving NMWD's service to its constituency. I will be out of the office between October 8 and 24, however I will have sporadic access to cell phone and e-mail. If you have any questions, please feel free to contact me (415-609-4816).

Sincerely,

CSW/STUBER-STROEH ENGINEERING GROUP, INC.



Al Cornwell
R.C.E. #27577



Don Curry

AGC:gmp:kab
Enclosures

Date: September 18, 2013
File: 4.1131.02

Mr. Drew McIntyre, Chief Engineer
North Marin Water District
PO Box 146
Novato, CA 94948-0146

**RE: NORTH MARIN WATER DISTRICT, AEEP
CONFIRMATION OF ADDITIONAL SERVICES NO. 3
30" DESIGN ALTERNATIVE FOR REACH B**

Dear Drew:

As we have discussed, NMWD would like to have the PS&E package for the AEEP/B3 project amended to include alternative bid sheets for a 30" pipe through Reach B. Reaches A and C/D will continue to be shown as new 42" and 36" pipes, respectively. Enclosed is Confirmation of Additional Services No. 3 (CAS 3) to provide for these services.

SCOPE OF SERVICES

CSW|ST2 will modify approximately 80 sheets of the AEEP/B3 project to show the construction of a 30" pipe in lieu of the 42" in the current documents. The revised sheets will be labeled with the current number followed by an "A" indicating the alternative. The work will include modifying the detail sheets of the connections to the Reach A and C/D sections. The work will also include modifying the details of the appurtenances to reflect the conditions required by the smaller pipe. The bid sheets will identify this work as alternate "A" and have a bid schedule which allows the contractor to price it separately for NMWD and Caltrans future discussion to identify the difference in cost of the two pipe sizes.

FEES

We estimate that the fee to prepare the alternate sheets is \$31,200. We will invoice NMWD on a time and expense basis not to exceed this amount without your authorization.

SCHEDULE

We believe this work will take about 4-5 weeks to complete. According to the most recent schedule we prepared for your review (9/16/13) it should dovetail into the approximate time frame when we expect your board to authorize soliciting bids for the project.

Drew, based on you verbal authorization we have started on this work. Please issue us an amendment to our contract indicating your agreement with this approach.

Mr. Drew McIntyre
North Marin Water District
September 18, 2013
Page 2

Thank you for continuing to use CSW | ST2 to support the pipeline work associated with the MSN Project.

If you have any questions, please call.

Sincerely,

CSW/STUBER-STROEH ENGINEERING GROUP, INC.



Al Cornwell
R.C.E. #27577



Don Curry

AGC:ags
Enclosures

12

MEMORANDUM

To: Board of Directors
 From: Drew McIntyre, Chief Engineer 
 Subject: Dutra Haystack Landing Water Facilities
r:\folders by job no\2600 jobs\2694\dutra haystack bod memo 2013.doc

November 1, 2013

RECOMMENDED ACTION: The Board approve authorization of this agreement.
FINANCIAL IMPACT: None: Developer Funded

Background

The project is located on two parcels (APN 019-320-022 and 023) totaling 37 acres at 3355 Petaluma Blvd. South on the east side of Petaluma Blvd. South just outside the Petaluma city limits (see maps in Attachment 1). North Marin Water District currently provides water service to one of these parcels outside the District's Novato Service Area boundary, (APN 019-320-022) at 3355 Petaluma Blvd. South through a 1-inch meter set in 1966 to serve a dairy operation. The meter is installed off of SCWA's aqueduct along the west side of Highway 101 and a private lateral runs eastward in a culvert under the highway to serve said parcel.

At the June 19, 2007 Board meeting, staff provided the history of the Dutra service and other outside services in the Petaluma Blvd. South industrial area and Dutra Haystack Landing request for a water main extension and improved fire service (see Attachment 2). Dutra Group plans to improve APN 019-320-022 and 023 (3355 Petaluma Blvd. South) with an asphalt production facility including offices, manufacturing equipment and accessory structures, and a volunteer fire fighting training facility. At the aforementioned meeting, staff requested direction from the Board and offered two options: 1) Maintain existing historical service from the existing 1-inch water meter west of Hwy 101 – no additional fire protection provided; or 2) Relocate the existing 1-inch water service to the east side of Hwy. 101 and extend a fire service main south on Petaluma Blvd. South to provide fire protection. The Board concurred with staff's recommendation to offer a water service agreement to Dutra as outlined in the draft water service agreement presented to the Board at that time (Option 2).

The main extension plan discussed in the June 2007 memo was to extend the NMWD main south on Petaluma Blvd. South from the Sonoma County Water Agency (SCWA) meter at Landing Way. The service extension plan has changed due to SCWA's recent Aqueduct Relocation to the east side of Hwy 101 to Petaluma Blvd. South as part of the Caltrans Marin Sonoma Narrows (MSN) B2 project. The proposed services will now be provided from SCWA's new 18-inch turnout from the 30-inch Aqueduct and new 16-inch master meter fronting the access to Dutra property. NMWD water facilities installation will include the SCWA provided 16-inch master meter (SCWA ownership) in the already installed meter vault by MSN B-2 project,

installation of approximately 20 feet of 12-inch WSP lowering, 20 feet of 12-inch PVC pipe, 400 feet of 8-inch PVC main, two (2) commercial fire hydrants, one (1) 1-inch domestic service with a 1-inch RPP backflow prevention device and one (1) 1-inch irrigation service with a 1-inch RPP backflow prevention device. All facilities would receive high pressure water from SCWA. Sewage disposal is by an onsite septic system.

The project water demand of 5 EDUs is within the existing 7 Equivalent Dwelling Units (EDU) entitlement. Therefore there will be no increase in water demand (see agreement in Attachment 3). Dutra Group has provided written approval to allocate the additional 2 EDUs to the adjacent Yee and Fontes parcels. Dutra's meter, located outside of the District boundaries, has also historically been used to provide water service to these two adjacent parcels owned by Mr. Yee and Mr. Fontes and which will be now be regularized and provided by separate 1-inch meters with new service via Landing Way near parcel 019-220-016.

Sonoma County Board of Supervisors approved the project on December 14, 2010 as a use permit, general plan amendment, land use amendment and other land use issues.

Environmental Document Review

This project EIR was approved on December 14, 2010.

RECOMMENDATION:

That the Board approve authorization of this agreement.

RESOLUTION NO. 13-
AUTHORIZATION OF EXECUTION
OF
HIGH PRESSURE OUTSIDE DISTRICT BOUNDARIES
WATER SERVICE FACILITIES CONSTRUCTION AGREEMENT
WITH
DUTRA GROUP

BE IT RESOLVED by the Board of Directors of NORTH MARIN WATER DISTRICT that the President and Secretary of this District be and they hereby are authorized and directed for and on behalf of this District to execute that certain water service facilities construction agreement between this District and Dutra Group, A California Corporation; providing for the installation of water distribution facilities to provide domestic water service to that certain real property known as 3355 Petaluma Blvd. South, Sonoma County Assessor's Parcel Numbers 019-320-022 and 019-320-023, PETALUMA, CALIFORNIA.

* * *

I hereby certify that the foregoing is a true and complete copy of a resolution duly and regularly adopted by the Board of Directors of NORTH MARIN WATER DISTRICT at a regular meeting of said Board held on the 5th day of November, 2013, by the following vote:

AYES:

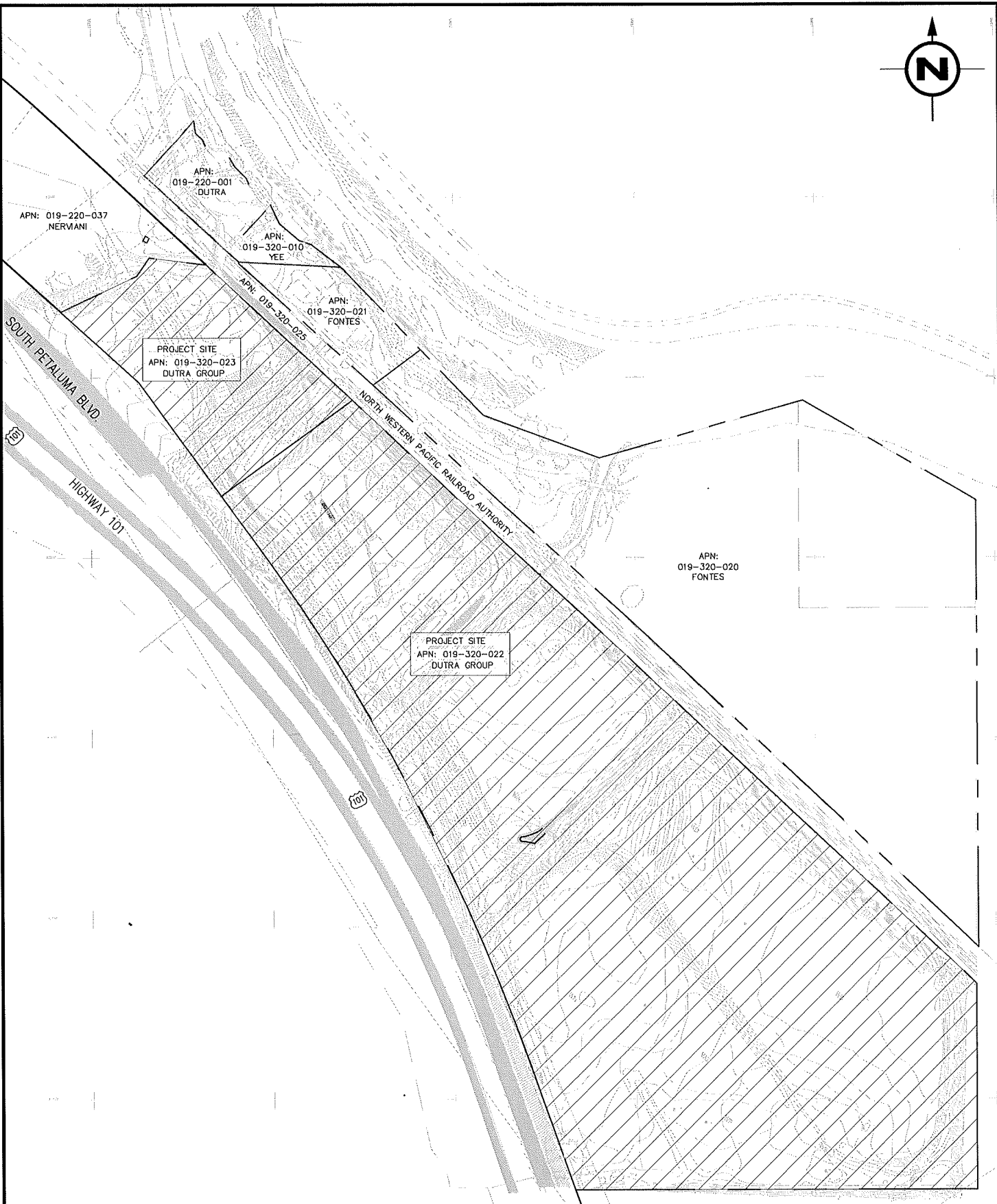
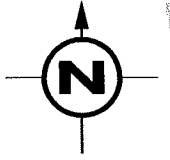
NOES:

ABSENT:

ABSTAINED:

(SEAL)

Katie Young, Secretary
North Marin Water District



Oct 31, 2013 - 1:36pm W:\069\1_NOVA\0\2694\3_ISSUED\A\VIC_MAP.dwg User: ACANTILLER

ATTACHMENT 1

DUTRA HAYSTACK LANDING			
APN: 019-320-022 & 23			
DATE	SCALE	JOB NO.	DWG. NO.
10/30/13	N.T.S.	2694	MAP

Oct 31, 2013 - 1:30pm W:\JOB\1_NOVATO\2595\3_ISSUED\A\2595VICINITY.dwg User: ACANTILLER



LEGEND:

- SCWA PIPELINE
- CITY OF PETALUMA PIPELINE
- NMWD PIPELINE
- FIRE HYDRANT
- MASTER METER
- SINGLE SERVICE METER

NO.	DATE	REVISION			BY	APP.	
NORTH MARIN WATER DISTRICT NOVATO, CALIFORNIA							
OUTSIDE CUSTOMERS SOUTH PETALUMA BLVD. AREA							
DES	DR	CH	SCALE	: 1"=0"			
LJ	AC	DM	DATE	: 07/10/08			
APPROVED: CHIEF ENGINEER			SHEET NO.	: 1 OF 1		SHEETS	
R.E. C80938	SERVICE AREA	1	JOB.NO.	2694		NO.001	

ATTACHMENT 1

MEMORANDUM

To: Board of Directors
From: Drew McIntyre, Chief Engineer
Subject: Dutra Haystack Landing Asphalt and Recycling Facility Update
R:\FOLDERS BY JOB #\2600 jobs\2694\Dutra Haystack BOD Memo 6-19-07.doc

June 15, 2007

RECOMMENDED ACTION: Information only

FINANCIAL IMPACT: None

Background

At the March 7, 2006 Board meeting, the Board was provided with the District's response to the Notice of Preparation of a Draft Environmental Impact Report for the above referenced project. The project is located on three parcels totaling 38 acres at 3357 Petaluma Blvd. So. on the east side of Petaluma Blvd. So. just outside the City of Petaluma (see map in Attachment 1). North Marin Water District currently provides water service to one of the parcels (APN 019-320-022) at 3355 Petaluma Blvd. South through a 1-inch meter set in 1966 to serve a dairy operation. The meter is installed off of SCWA's aqueduct along the west side of Highway 101 and a private lateral runs eastward in a culvert under the highway to serve said parcel. As this service is outside the District's territorial boundaries, we concluded that under no circumstances would an expansion of water service be allowed beyond the limited historical entitlement as determined at the sole discretion of the District.

At the May 16, 2006 Board meeting, the Board was provided with a request for water service from Cardlock Development (APN 019-220-06) for fire protection at a retrofit of the Rhinehart Truck Stop fueling facility. Staff responded to this request in essentially the same manner, informing the applicant that under no circumstances would an expansion of water service to the property be allowed beyond the limited historical entitlement as determined at the sole discretion of the District with the exception of fire protection services. Staff received an application from Cardlock Development for fire service on June 20, 2006 and the water facilities for this project are currently in the design phase. Staff also received an application for fire service from Novato Disposal (APN 019-220-38) on January 17, 2007. Novato Disposal is located south of Cardlock Development and closer to the proposed Dutra Haystack Landing project. As with the Cardlock Development project, staff is also working on the Novato Disposal fire service application and the water facilities design for this project is expected to be brought to the Board for approval at the July 17, 2007 meeting.

Irregular Water Service to Adjacent Parcels (Yee, APN 019-320-10 and Fontes, APN 019-320-21)

When the Dutra Haystack fire service application was discussed at the March 20, 2007 meeting, staff apprised the Board that water entitlement for this parcel had been established to be seven Equivalent Dwelling Units (EDUs) based on a review of historical water usage in accordance with District Regulation 1(c). Furthermore, staff also reviewed the fact that the Dutra meter has also historically been used to provide water service to two adjacent individually owned parcels (Mr. Yee, APN 019-320-10, and Mr. Fontes, APN 019-320-21). Mr. Yee reports that they have been receiving water from the Dutra meter since it was originally installed in 1966 (and prior to that date via spring water). Since the District had no prior knowledge of this irregular service, a letter was written to Sonoma County requesting land use status for said parcel (Attachment 2). The District received a response on May 10, 2007 (Attachment 3) that has determined both parcels to be legal, non-conforming parcels since construction of the dwellings occurred prior to building permits being required in 1962.

LAFCo Approval

Staff has been communication with both Marin LAFCo and Sonoma County LAFCo regarding service to not only the Dutra, but also Yee and Fontes parcels. Sonoma County LAFCo (Ms. Carole Cooper) has confirmed that since District service to the Dutra parcel was initiated in 1966, that LAFCo approval for fire service (or continued domestic water service) is not required since service to the Dutra parcel was initiated prior to 1994 (the effective date requiring LAFCo oversight). Ms. Cooper did, however, state that LAFCo approval will be required for normalizing service to the Yee and Fontes parcels since service to these parcels has not yet been officially approved by the District. Although somewhat related to the Dutra application, normalized service to these adjacent parcels is beyond the scope of this Board item and will be addressed at a later Board meeting.

Proposed Water Service Agreement for Fire Protection

There are two options that the Board can consider regarding the proposed Dutra Haystack project. Both options would limit water use to historical entitlement and are summarized as follows:

Option 1: Maintain existing historical service from the existing 1-inch water meter west of Hwy. 101 – no additional fire protection provided.

Option 2: Relocate the existing 1-inch water service to the east side of Hwy. 101 and extend a fire service main (south on So. Petaluma Blvd) to provide fire protection).

Option 1

Under Option 1, the District will continue to supply water to the Dutra parcel based upon historical entitlement however, no water main extension for fire protection would be provided nor would the current irregular water meter location be corrected.

Option 2

Option 2 is similar to Option 1 in that it limits entitlement to historical water use but also provides for a water main extension for fire protection purposes. The extension of this water main would also allow for a new meter to be installed on the Dutra parcel to eliminate the irregular meter (i.e., not fronting the applicants property) on the west side of Hwy. 101. While water delivery to the Yee and Fontes parcels will be addressed by a separate memorandum to the Board, Option 2 has the advantage of also being well suited to allow for the installation of new water meters to serve these adjacent parcels (should normalized service to said parcels be approved by both the District and LAFCo).

Water Entitlement Issues

Staff has reviewed the proposed potable, non-potable water demand tabulation for the Dutra project. The estimated total potable water demand, including potential temporary landscape irrigation, is approximately 3.5 EDUs. At the March 20, 2007 meeting, Director Rodoni raised the question of possibly reducing the entitlement to what the current anticipated water use would be rather than the historical entitlement allotment per Regulation 1(c) (since the Applicant is an outside District customer). It is possible that this reduction in entitlement could be required by the District for either Option 1 or 2 however, a case could be made that the District's legal position is on more solid footing for reducing entitlement in Option 2 where the District is proposing to give something to the Applicant (i.e., a new fire service) and in return is requesting that the Applicant accept a reduced entitlement allotment.

Direction to Staff

Staff is requesting that the Board provide direction as to the preferred option for continued water service to the Dutra parcel. It is staff's position that Option 2 is consistent with the District's pending fire service expansion for both the Cardlock and Novato Disposal parcels. To better understand Option 2, a draft water service agreement has been prepared (Attachment 4) highlighting some of the key agreement language that would be incorporated into a new water service agreement for a fire line extension to the Dutra Haystack Landing parcel. New facilities required would include approximately 1,800 feet of 12-inch PVC water main, 200 feet of 8-inch of PVC main, 40 feet of 6-inch PVC main and two commercial fire hydrants, an 8-inch fire service and one 1-1/2" meter. All facilities would receive high pressure water from the Sonoma

Dutra Haystack Update BOD Memo
June 15, 2007
Page 4 of 4

County Water Agency (SCWA) aqueduct and the new main would tie-in into the existing NMWD facilities in Landing Way downstream of the SCWA master meter.

PART ONE
HIGH PRESSURE
OUTSIDE DISTRICT BOUNDARIES
WATER SERVICE FACILITIES CONSTRUCTION AGREEMENT
FOR
DUTRA GROUP

THIS AGREEMENT, which consists of this Part One and Part Two, Standard Provisions, attached hereto and a part hereof, is made and entered into as of _____, 2013, by and between NORTH MARIN WATER DISTRICT, herein called "District," and DUTRA GROUP, A California Corporation, herein called "Applicant."

WHEREAS, the Applicant, pursuant to District Regulation 1, the State of California Subdivision Map Act and all applicable ordinances of the City of Petaluma and/or the County of Sonoma, has pending before the City or County a conditionally approved Tentative Subdivision Map, Precise Development Plan, Tentative Parcel Map or other land use application for the real property in the District commonly known as Sonoma County Assessor's Parcel Number 019-320-022 and 019-320-023 and the project known as HAYSTACK LANDING, consisting of two (2) lots for commercial development; and

WHEREAS, prior to final approval by the City or County of a Subdivision Map, Precise Development Plan, Parcel Map or other land use application and recording of a final map for the project, the Applicant shall enter into an agreement with the District and complete financial arrangements for water service to each lot, unit or parcel of the project; and

WHEREAS, the Applicant warrants that he is the sole owner of real property commonly known as 3355 Petaluma Boulevard South with respective Sonoma County Assessor's Parcel Numbers 119-320-022 and 119-320-023, located in Sonoma County, California, but outside of the District's Novato Service Area boundary, and that said property is to be improved with an asphalt production facility including offices, manufacturing equipment and accessory structures, and a volunteer fire fighting training facility; and

WHEREAS, the Applicant acknowledges that since the property is outside the District's service area, the District provides water to said property on an "outside service" basis,

WHEREAS, the Applicant acknowledges and agrees that the structures on his property include an asphalt processing plant with an office and other accessory buildings and a single building to be used as a training facility for the local volunteer fire fighters. The Applicant acknowledges that said outside service may be curtailed at any time and is less reliable than the service provided to regular customers within the District's Novato Service Area. Should dry year conditions occur, the District's

Water Shortage Contingency Plan for Novato Service Area will be activated and will trigger implementation of voluntary or mandatory water shortage contingency measures. The Applicant acknowledges that mandatory water reduction requirements may limit deliveries of water to outside service area customers to that amount needed for human consumption, sanitation and public safety. The Applicant acknowledges that the District has determined that this amount is approximately equal to the amount normally used for indoor consumption, which is estimated at 1,000 gallons per day for all dwelling units on the Applicant's property;

WHEREAS, the existing outside service to Applicant has historically been provided initially in May, 1966 from a water service tapped off of the aqueduct blow-off at Station 67+10; and

WHEREAS, the Applicant desires to receive such continued outside service as the sole potable water service Applicant receives from the District for said property, and agrees that it is necessary and appropriate to enter into an agreement with the District for said service; and

WHEREAS, the Applicant acknowledges and agrees that the potable water to be provided by the District will serve domestic purposes for both the asphalt plant and fire training facility, fire suppression, and landscape irrigation purposes. Said water will not be used as process water for any part of the asphalt manufacturing process nor for dust control as water for these purposes will be pumped from the Petaluma River in compliance with California Law; and

WHEREAS, this service has also been providing water service to adjacent parcels 019-320-010 and 019-320-021; and

WHEREAS, the District has established the historical entitlement to be 7 EDUs, or 4,452 gpd, based on the Average Day Peak month use in the first 10 years of service; and

WHEREAS, the Applicant in written communication dated June 15, 2007, acknowledges that 1 EDU of historical water use will be allocated to each of the aforementioned parcels 019-320-010 and APN 019-320-021.

NOW THEREFORE, the parties hereto agree as follows:

1. The Applicant hereby applies to the District for water service that will be outside the District's Novato Service Area to the aforementioned property, and agrees that he shall comply with and be bound by all terms and conditions of this Agreement, including the Recitals set forth above, and by the District's regulations, standards and specifications, for the limited uses herein designated.

2. The Applicant hereby applies to the District for water service to said real property and project and shall comply with and be bound by all terms and conditions of this agreement, the District's regulations, standards and specifications and shall construct or cause to be constructed the water

facilities required by the District to provide water service to the real property and project. Upon acceptance of the completed water facilities, the District shall provide water service to said real property and project in accordance with its regulations from time to time in effect.

3. The Applicant acknowledges and agrees that execution of this Agreement represents an outside water service commitment by the District, and that said commitment is subject to the following conditions:

a. In the event a water shortage emergency should be declared by the District in the District's Novato Service Areas, the District shall have the right to restrict or interrupt water service to the Applicant's said property for uses other than human consumption, sanitation and public safety.

b. The Applicant shall pay for water delivered at such rates as may be established by the District from time to time for water service outside District boundaries.

c. The Applicant shall not resell water to another party or connect any additional structures, customers or properties to the private lines and facilities.

4. Prior to the District issuing written certification to the City, County or State that financial arrangements have been made for construction of the required water facilities, the Applicant shall complete such arrangements with the District in accordance with Section 8 of this agreement.

5. Prior to release or delivery of any materials by the District or scheduling of either construction inspection or installation of the facilities by the District, the Applicant shall:

a. deliver to the District vellum or mylar prints of any revised utility plans approved by the City or County to enable the District to determine if any revisions to the final water facilities construction drawings are required. The proposed facilities to be installed are shown on Drawing No. 1 2694.001 and .002 entitled, " DUTRA HAYSTACK LANDING WATER FACILITIES", a copy of which is attached, marked Exhibit "A", and made a part hereof. (For purposes of recording, Exhibit "A" is not attached but is on file in the office of the District.)

b. grant or cause to be granted to the District without cost and in form satisfactory to the District all easements and rights of way shown on Exhibit "A" or otherwise required by the District for the facilities.

c. deliver to the District a written construction schedule to provide for timely withdrawal of guaranteed funds for ordering of materials to be furnished by the District and scheduling of either construction inspection or construction pursuant to Section 8 hereof.

6. Except for fire service, new water service shall be limited to the number and size of services for which Initial Charges are paid pursuant to this agreement. Initial Charges for new services, estimated District costs and estimated applicant installation costs are as follows:

Initial Charges

Meter Charges (Domestic) (Included in Estimated District Costs) ...	.....One 1-inch@	\$ 0.00	\$ 0.00
Meter Charges (Irrigation) (Included in Estimated District Costs) ...	.....One 1-inch@	\$ 0.00	\$ 0.00
Reimbursement Fund Charges .....	.....Two @	\$ 1,055.00	\$ 2,110.00
Reimbursement Fund Charges (credit for ex. 5/8" service)	...One 5/8-inch @	\$ <420.00>	\$ <420.00>
Facilities Reserve Charges.....	.....Five @	\$ 28,600.00	\$ 143,000.00
FRC Credits (5 EDU's existing entitlement).....	.....Five@	\$<28,600.00>	\$<143,000.00>
Subtotal - Initial Charges.....			\$ 1,690.00

Estimated District Costs

Pipe, Fittings & Appurtenances.....	\$ 11,306.00
District Construction Labor.....	\$ 20,427.00
Engineering & Inspection.....	\$ 7,567.00
Bulk Materials.....	\$ 2,098.00
Subtotal –Estimated District Costs.....	\$ 41,398.00

Estimated Applicant Installation Costs

Installation Labor.....	\$ 35,219.00
Contractor Furnished – Pipe Fittings & Appurtenances.....	\$ 9,457.00
Bulk Materials.....	\$ 4,071.00
Subtotal- Estimated Applicant Installation Costs.....	\$ 48,747.00

TOTAL ESTIMATED WATER FACILITIES COSTS..... \$ 91,835.00

(Bulk materials are such items as crushed rock, imported backfill, concrete, reinforcing steel, paving materials, and the like, which are to be furnished by the contractor performing the work.)

7. In addition to the Initial Charges, Estimated District costs and Contributions, and Estimated Applicant Installation costs set forth in Section 6 above, the Applicant shall furnish at no cost to the District all PVC pipe (4-inch diameter and larger), valves and water line fittings shown on Exhibit "A" or otherwise required by the District. The quantities, type and quality of said materials shall be approved by the district prior to purchase by the Applicant and shall conform to District standards as stated and shown on Specifications (15100 Valves, 15056 Pipeline Fittings, 15064 Polyvinyl Chloride (PVC) Pressure Pipe) marked as Exhibit "B" attached hereto and made a part hereof and as otherwise may be required. (For purposes of recording, Exhibit "B" is not attached but is on file in the office of the District.) The cost of said materials is estimated to be **\$ 9,457**. The District reserves the right to reject and prohibit installation of all nonconforming materials furnished by the Applicant.

8. Financial Arrangements to be made by the Applicant shall consist of the following:

Initial Charges and Estimated District Costs

The Applicant shall either pay to the District or provide a two (2) year irrevocable letter of credit in form satisfactory to the District and payable at sight at a financial institution in the Novato area the sum of Initial Charges and Estimated District Costs as set forth in Section 6 hereof in the amount of **\$43,088**. If the Applicant provides the two (2) year irrevocable letter of credit, the District shall immediately draw down Initial Charges and shall draw upon the remaining funds guaranteed by the letter at any time the District deems appropriate to recover the Estimated District Costs which normally will be at least thirty (30) days prior to the anticipated start of construction for the ordering of materials to be furnished by the District.

Estimated Installation Costs

Alternate No. 1 – Installation By Applicant: If the Applicant elects to install the facilities or hire a private contractor to install the facilities, the Applicant shall provide financial guarantees satisfactory to the District in the form of a performance bond in the amount of **\$ 48,747**. conditioned upon installation of the facilities and furnishing of bulk materials and a maintenance bond in the amount of **\$ 12,187** conditioned upon payment of the cost of maintaining, repairing, or replacing the facilities during the period of one (1) year following completion of all the facilities and acceptance by the District. Performance and maintenance bonds shall be executed by a California admitted surety insurer with a minimum A.M. Best rating of A-VII. In lieu of posting bonds, the Applicant may provide an irrevocable letter or letters of credit payable at sight at a financial institution in the Novato area guaranteeing funds in the same amounts. All financial guarantees shall be provided by the Applicant rather than the contractor. The Applicant or contractor, whichever performs the work, shall be properly licensed therefore by the State of California and shall not be objectionable to the District.

Alternate No. 2 – Installation By District: If the Applicant requests the District to install the facilities and the District consents to do so, the Applicant shall either pay to the District the total Estimated Installation Costs set forth in Section 6 hereof in the amount of **\$ 48,747**. or shall include such amount in the irrevocable letter of credit provided for the Initial Charges and Estimated District Costs set forth first above. The District shall draw upon installation funds guaranteed by the letter at any time the District deems appropriate which normally will be at least thirty (30) days prior to the anticipated start of construction.

Whenever an irrevocable letter of credit is required by this agreement, the Applicant may substitute a certificate of deposit at a financial institution in the Novato area provided the certificate may be cashed at sight by the District at any time.

9. The applicant shall not resell any water furnished pursuant to this agreement. If multiple services from a single connection to the District's system through a master meter are allowed pursuant to District Regulation 4(b) the Applicant shall not submeter the individual services. The District's bills for water measured by a master meter shall be paid by the Applicant or a responsible homeowner's association. If a rental unit served through a master meter is converted into a separately owned unit the District may require the installation of a separate connecting main and meter for water service to the unit at the cost of the owner of the unit.

10. High pressure water service will be rendered to 3355 Petaluma Boulevard South Water Facilities in accordance with District Regulation 12 entitled "High Pressure Service". The Applicant shall install a private pressure regulating device for each service to said lots as required by local ordinances and plumbing codes prior to occupancy of any structures, shall inform the buyer or buyers of said lots of the water service conditions herein described, and shall provide each buyer a copy of this agreement prior to any final sales transaction. Said private pressure regulating devices shall be in accordance with District Standard 28 but shall not be a part of the District's water system. The maintenance and operation of said devices shall be the responsibility of the property owners.

11. Water service through the facilities to be installed pursuant to this agreement will not be furnished to any building unless the building is connected to a public sewer system or to a waste water disposal system approved by all governmental agencies having regulatory jurisdiction. This restriction shall not apply to temporary water service during construction.

12. New construction in the District's service area is required to be equipped with high efficiency water conserving equipment specified in Regulation 15 sections e. and f. Applicant shall install front loading, horizontal axis washing machines with a modified water factor of 5.5 or less in all dwelling and commercial units. Dishwashers shall be energy star rated and use no more than 5 gallons per load. Toilets shall be District approved High Efficiency Toilets that average no more than 1.28 gallons per flush. Applicant shall install District approved weather based irrigation controllers, drip irrigation on non-turf areas, and is subject to turf limitations. Refer to the aforementioned water conservation regulation for a complete listing of all requirements.

13. All estimated costs set forth in this agreement shall be subject to periodic review and revision at the District's discretion. In the event the Applicant has not completed financial arrangements with the District in accordance with Section 8 hereof prior to expiration of six (6) months from the date of this agreement, all Initial Charges and estimated costs set forth in Section 6 hereof

shall be revised to reflect then current District charges and estimates. In the event the Applicant has not secured final land use approval for the project from the City of Petaluma or County of Sonoma, recorded a final map and diligently commenced construction of improvements required by those agencies and the District prior to expiration of one (1) year from the date of this agreement, the District may, at its option, either retract financial certifications issued to City, County and State agencies and terminate this agreement or require amendment of this agreement and review of all Initial Charges and estimated costs contained herein. The Applicant shall pay any balance due upon demand or furnish a guarantee of such payment satisfactory to the District.

14. All extensions of time granted by the City of Petaluma or the County of Sonoma for the Applicant to comply with conditions of land use approval or to construct improvements pursuant to a subdivision improvement agreement shall require concurrent extensions of this agreement and shall be cause for review and revision of all Initial Charges and estimated costs set forth in Section 6 hereof. The Applicant shall apply to the District for extension of this agreement prior to approval of the Applicant's requests for such extensions by either the City of Petaluma or the County of Sonoma.

15. In the event of the sale of these parcels, the Applicant shall provide to the buyer(s) a copy of this Agreement so that there is complete disclosure of the limited nature of the water service. In addition, upon execution of this Agreement, District shall have it recorded.

16. This agreement shall bind and benefit the successors and assigns of the parties hereto; however, this agreement shall not be assigned by the Applicant without the prior written consent of the District. Assignment shall be made only by a separate document prepared by the District at the Applicant's written request.

NORTH MARIN WATER DISTRICT
"District"

ATTEST:

Rick Fraites, President

Katie Young, Secretary

(SEAL)

DUTRA GROUP
A California Corporation

"Applicant"

(SEAL)

Bill Dutra, Chief Executive Officer

NOTES: *If the Applicant executing this agreement is a corporation, a certified copy of the bylaws or resolutions of the Board of Directors of said corporation authorizing designated officers to execute this agreement shall be provided.*

This agreement must be executed by the Applicant and delivered to the District within thirty (30) days after it is authorized by the District's Board of Directors. If this agreement is not signed and returned within thirty days, it shall automatically be withdrawn and void. If thereafter a new agreement is requested, it shall

incorporate the Initial Charges (connection fees) and cost estimates then in effect.

ALL SIGNATURES MUST BE ACKNOWLEDGED BEFORE A NOTARY PUBLIC.

13

MEMORANDUM

To: Board of Directors

Date: November 1, 2013

From: Drew McIntyre, Chief Engineer 

Subject: Quarterly Progress Report – Engineering Department

R:\CHIEF ENGIN\MCINTYRE\BUDGETS\FY13-14 Budget\eng dept perf recap-1st Qtr 13-14.doc

The purpose of this memo is to provide a first quarter status report to the Board on the District's performance in completing budgeted FY13-14 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	7,693,000	5,261,000	23	14	1,846,300	1,089,500
Novato Recycled	200,000	400,000	25	30	50,000	130,000
West Marin	485,000	410,000	22	5	108,750	23,100
TOTAL	8,378,000	6,071,000	23	17	2,005,050	1,251,600

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 West Marin service area are not forecast to exceed approved FY13-14 budget level. However, CIP expenditures for the Novato Recycled Water system are forecast to exceed the approved FY13-14 budget. With respect to planned versus actual completion for the first quarter, both Novato 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. Novato Recycled Water is slightly ahead of schedule in planned versus actual completion.

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 35 projects (versus 34 in FY 12-13) were originally budgeted in FY 13-14 for the Novato, West Marin and Oceana Marin service areas. No new projects have been added, seven have been carried over from FY12-13, and none have been deferred resulting in a new total of 42 projects. Of the 42 Capital Improvement Projects budgeted, 27 (versus 26 in FY 11-12) are under the lead responsibility of the Engineering Department for completion (23 in Novato and 4 in West Marin). The remaining 15 (versus 17 in FY 11-12) CIP projects are under the responsibility of the other departments (i.e., 8 – Maintenance, 4 – Operations, and 3 – Administration) (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 FY13-14 Novato CIPs are currently projected to be completed at or below original budget. The sole project overrun being predicted is the already discussed Recycled Water South Service Area project. Additional expenses are occurring on this project due to various factors including higher as-built mapping, post construction permit monitoring and Phase 1b (Disney) dispute resolution costs. It is important to note that the four FY12-13 "Carry-Over" projects, (1) PB Replacement: City Measure A, Group 5 (83 services), (2) Digital to Leveroni Looping, (3) DeLong to Cain Looping, and (4) STP 18" Transmission Line Repair, represent a combined addition of \$565,000 to the current Novato CIP budget. However, due to delayed expenditures with the AEEP/MSN Project, there are sufficient funds to offset the "carry-over" project costs.

No new projects have been added.

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

As shown in Attachment A, all but one of the FY13-14 West Marin CIPs expenditures are currently projected to be within the original budget. One project was carried over from FY12-13: Gallagher Well Pipeline. The District has been preparing plans and specifications in the hope that NMWD will be successful in obtaining California Department of Public Health (CDPH) grant funds for the project. It is expected that CDPH will make a decision by the end of this calendar year.

Engineering Department Labor Hours

The Engineering Department provides a multitude of functions supporting overall operation, maintenance and expansion of water facilities. The major work classifications are: (1) General Engineering, (2) Developer Projects and (3) District (i.e., CIP) Projects. Out of the approximately 14,900 engineering labor hours available annually (less Conservation), the FY13-14 labor budget for Developer Projects and District Projects is 1,480 (10% of total) and 3,698 (25% of total), respectively. A chart of actual hours expended versus budgeted hours for both Developer and District projects during FY13-14 is provided in Attachment C. At the end of the first quarter, actual engineering labor hours expended for Developer work was 16% (242 hours) versus 25% (328 hours) budgeted. With respect to District Projects, 1,269 engineering labor hours (34% of budget) have been expended on Capital Improvement Projects when compared against a first quarter estimate of 964 hours (25% of budget). The higher rate is primarily attributed to in-house work on the unbudgeted Gallagher Well Pipeline Project.

FY 13-14
 CAPITAL IMPROVEMENTS PROJECTS

PROJECTS BUDGETED	NOVATO SERVICE AREA	WEST MARIN/ OCEANA MARIN	TOTAL
Original Budget	29	6	35
Added	0	0	0
FY 12-13 Carryover	4	1	5
Deferred/Dropped	0	0	0
Adjusted Budget	33	7	40

FY12-13 CARRYOVER

Novato

- STP 18" Transmission Line Repair
- Digital to Leveroni Looping
- DeLong to Cain Looping
- PB Replacement: City Measure A, Group 5 (83 services)

Date Brought to Board

- First Quarter Report
- First Quarter Report
- First Quarter Report
- First Quarter Report

West Marin

- Gallagher Well Pipeline

First Quarter Report

DEFERRED/DROPPED

None

PROJECTS ADDED

Novato

None

West Marin

None

**NOVATO SYSTEM CAPITAL IMPROVEMENT PROJECTS SUMMARY FY13-14
AS OF SEPTEMBER 30, 2013**

STATUS ¹	DEPT	ITEM #	PROJECT NO.	DESCRIPTION	PROJECT COSTS		% COMPLETE		EARNED VALUE	
					Budget	Forecast	Baseline	Actual	Planned	Actual
1. PIPELINE REPLACEMENTS/ADDITIONS										
PC	Eng	1	1.a.1	So. Novato Blvd - Rowland to Sunset (12"CI@1,000')	\$100,000	\$100,000	10	10	\$10,000	\$10,000
PC	Eng	2	1.a.2	STP 18" Transmission Line Assess/Repair	\$0	\$150,000	0	1	\$0	\$1,500
	Eng	3	1.a.3	Digital to Leveroni Looping *8"@600')	\$0	\$110,000	0	0	\$0	\$0
PC	Eng	4	1.a.4	DeLong to Cain Looping (8"@400')	\$0	\$130,000	75	75	\$0	\$97,500
PC	Eng	5	1.a.5	PB Repl - City Measure A, Group 5	\$0	\$175,000	0	0	\$0	\$0
PC	Eng	6	1.a.6	Shields Ln 6" Cast Iron (6"@1,120')	\$225,000	\$225,000	16	60	\$36,000	\$135,000
PC	Eng	7	1.a.7	Ashley Ct 2" Thinwall Plastic (6"@200')	\$40,000	\$40,000	5	5	\$2,000	\$2,000
PC	Eng	8	1.a.8	Grant/4th 1" Galvanized Steel (6"@400')	\$100,000	\$100,000	50	5	\$50,000	\$5,000
			1.a.9	Other Pipeline Replacements	\$35,000		0	0	\$0	\$0
PC	Eng	9	1.b.1	Zone A Pressure Improvements	\$250,000	\$150,000	25	25	\$62,500	\$37,500
	Eng	10	1.c.1	PB Repl - Pacheco Valle (42)	\$125,000	\$125,000	0	0	\$0	\$0
	Eng			Repl PB in Sync w/City Paving	\$135,000	\$0	0	0	\$0	\$0
	Eng	11	1.c.3	PB Repl - Atherton Oaks/Clay Ct (11)	\$33,000	\$33,000	0	0	\$0	\$0
	Eng	12	1.c.4	PB Repl - Atherton Oaks/Summit Ln (20)	\$60,000	\$60,000	25	0	\$15,000	\$0
			1.c.6	Other PB Replacements	\$47,000	\$0	0	0	\$0	\$0
			1.d.1	Other Relocations	\$80,000	\$0	0	0	\$0	\$0
PC	Eng	13	1.e.1-12	AEEP - Hwy 101 Widening	\$4,600,000	\$2,000,000	25	25	\$1,150,000	\$500,000
				SubTotal	\$5,830,000	\$3,398,000				
2. SYSTEM IMPROVEMENTS										
	Maint	14	2.a	RTU Upgrades	\$10,000	\$10,000	34	0	\$3,400	\$0
PC	Eng	15	2.b	Flushing Taps at Dead Ends	\$50,000	\$50,000	25	10	\$12,500	\$5,000
PC	Eng	16	2.c	DCDA Repair/Replace	\$150,000	\$150,000	30	15	\$45,000	\$22,500
	Eng	17	2.d	Anode Installations	\$30,000	\$30,000	43	0	\$12,900	\$0
	Maint	18	2.e	Radio Telemetry	\$25,000	\$25,000	34	0	\$8,500	\$0
PC	Eng	19	2.f	Inaccurate Meter Replacement	\$10,000	\$10,000	50	15	\$5,000	\$1,500
	Maint	20	2.g	Backflow Device Upgrade - BMK (15)	\$30,000	\$30,000	0	0	\$0	\$0
	Maint	21	2.h	Tank Access Hatch/Level Alarms (10)	\$35,000	\$35,000	25	0	\$8,750	\$0
				SubTotal	\$340,000	\$340,000				
3. BUILDINGS, YARD, & S.T.P. IMPROVEMENTS										
PC	Admin	22	3.a.1	Electronic Document Management System	\$150,000	\$150,000	25	25	\$37,500	\$37,500
	Ops	23	3.a.2	Admin Office/Lab/Yard Remodel Plan	\$50,000	\$50,000	25	0	\$12,500	\$0
PC	GM	24	3.b.1	SMART Crossing Upgrade	\$58,000	\$58,000	25	25	\$14,500	\$14,500
PC	Ops	25	3.c.1	Watershed Erosion Control	\$25,000	\$25,000	11	50	\$2,750	\$12,500
	Eng	26	3.c.2	Start Up Flushing Connection	\$225,000	\$225,000	25	0	\$56,250	\$0
PC	Ops	27	3.c.3	Lake Aeration Upgrade	\$25,000	\$25,000	25	50	\$6,250	\$12,500
				SubTotal	\$533,000	\$533,000				
4. STORAGE TANKS & PUMP STATIONS										
PC	Eng	28	4.a	Atherton Recoat & Mixing System	\$700,000	\$700,000	25	25	\$175,000	\$175,000
PC	Maint	29	4.b	Lynwood PS Motor Control Center	\$190,000	\$190,000	50	10	\$95,000	\$19,000
PC	Eng	30	4.c	Relocate School Rd/Crest Pump Station	\$100,000	\$100,000	25	10	\$25,000	\$10,000
				SubTotal	\$990,000	\$990,000			\$0	\$0
				Novato Water Total	\$7,693,000	\$5,261,000	23	14	\$1,846,300	\$1,098,500
5. RECYCLED WATER FACILITY										
PC	Eng	31	5.a	NBWRA Grant Program Administration	\$100,000	\$100,000	25	25	\$25,000	\$25,000
PC	Eng	32	5.c-o	Expansion to South Service Area	\$100,000	\$300,000	25	35	\$25,000	\$105,000
				Novato Recycled Total	\$200,000	\$400,000	25	30	\$50,000	\$130,000
				Total Novato	\$7,893,000	\$5,661,000	24	22	\$1,896,300	\$1,228,500
				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						

ATTACHMENT A

**WEST MARIN CAPITAL IMPROVEMENT PROJECT SUMMARY FY13-14
AS OF SEPTEMBER 30, 2013**

STATUS	DEPT	ITEM #	PROJECT NO.	DESCRIPTION	PROJECT COSTS		% COMPLETE		EARNED VALUE	
					Budget	Forecast	Baseline	Actual	Planned	Actual
6. West Marin Water System										
System Improvements										
PC	Eng	33	6.a	<i>TP Solids Handling</i>	\$200,000	\$5,000	25	12	\$50,000	\$600
	Maint	34	6.b	TP Control Valve Replacement	\$25,000	\$25,000	25	0	\$6,250	\$0
PC	GM	35	6.c	Gallagher Auxilliary Stream Gauge	\$30,000	\$50,000	25	25	\$7,500	\$12,500
	Eng	36	6.d	Olema PS Flood Protection & RTU Upgrade	\$100,000	\$100,000	25	0	\$25,000	\$0
	Maint	37	6.e	Emergency Generator Connections	15,000	15,000	25	0	\$3,750	\$0
	Eng	38	6.f	<i>Tank Seismic Upgrades</i>	\$65,000	\$65,000	0	0	\$0	\$0
PC	Eng	39	6.g	<i>Gallagher Well Pipeline</i>	\$0	\$100,000	0	10	\$0	\$10,000
					\$435,000	\$360,000				
7. Oceana Marin Sewer System										
	Ops	40	7.a	Infiltration Study & Repair	\$15,000	\$15,000	50	0	\$7,500	\$0
	Maint	41	7.b	SCADA RTU Upgrade & Install	\$35,000	\$35,000	25	0	\$8,750	\$0
				SubTotal	\$50,000	\$50,000				
				Total West Marin	\$485,000	\$410,000	22	5	\$108,750	\$23,100
				FY13-14 TOTAL	\$8,378,000	\$6,071,000	23	17	\$2,005,050	\$1,251,600
¹ 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						

FY13_14 CAPITAL IMPROVEMENT PROJECTS

ID	Task Name	Start	Finish	% Complete	Resp	Qtr 1, 2014			Qtr 2, 2014			Qtr 3, 2014			Qtr 4, 2014		
						Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
1	1 A PIPELINE REPLACEMENTS/ADDITIONS	Mon 7/1/13	Mon 6/30/14	0%													
2	1A1 So. Novato Blvd - Rowland to Sunset (12"CI@1,000')	Sun 9/1/13	Mon 6/30/14	10%	ENG / CC												
3	1A2 Shields Ln 6" Cast Iron (6"@1,120')	Mon 9/2/13	Sat 3/1/14	60%	ENG / DJ												
4	1A3 Ashley Ct 2" Thinwall Plastic (6"@200')	Sun 9/15/13	Mon 6/30/14	5%	ENG / JK												
5	1A4 Grant/4th 1" Galvanized Steel (6"@400')	Sun 9/1/13	Tue 12/31/13	5%	ENG / CC												
6	1B MAIN/PIPELINE ADDITIONS	Mon 7/1/13	Mon 6/30/14	0%													
7	1B1 Zone A Pressure Improvements	Thu 8/1/13	Tue 4/1/14	25%	ENG / DJ												
8	1C PB SERVICE LINE REPLACEMENTS	Mon 7/1/13	Mon 6/30/14	0%													
9	1C1 Pacheco Valle (42)	Tue 10/1/13	Mon 6/30/14	0%	ENG / JK												
10	1C2 Replace PB in Sync w/City Paving (45)	Fri 11/1/13	Mon 6/30/14	0%	ENG / JK												
11	1C3 Atherton Oaks/Clay Ct (11)	Mon 9/2/13	Mon 6/30/14	0%	ENG / JM												
12	1C4 Atherton Oaks/Summit Lane (20)	Mon 9/2/13	Mon 6/30/14	0%	ENG / JM												
13	1E AQUEDUCT REPLACEMENTS/ENHANCEMENTS	Mon 7/1/13	Mon 6/30/14	0%													
14	1E1 Aqueduct Energy Efficiency Project	Mon 7/1/13	Mon 6/30/14	25%	ENG / DM												
15	2 SYSTEM IMPROVEMENTS	Mon 7/1/13	Mon 6/30/14	0%													
16	2A RTU Upgrades	Tue 12/31/13	Mon 3/31/14	0%	MAINT/RC												
17	2B Flushing Taps at Dead Ends	Mon 7/1/13	Mon 6/30/14	10%	ENG / JM												
18	2C DCA Repair/Replace (14/yr)	Mon 7/1/13	Wed 4/30/14	15%	ENG / CC												
19	2D Anode Installations (150/yr)	Wed 1/1/14	Mon 6/30/14	0%	ENG / DJ												
20	2E Radio Telemetry	Tue 10/1/13	Mon 3/31/14	0%	MAINT/RC												
21	2G Inaccurate Meter Replacement	Mon 7/1/13	Tue 12/31/13	15%	ENG / CC												
22	2I Backflow Device Upgrade - BMK (14)	Fri 11/1/13	Wed 4/30/14	0%	MAINT/RC												
23	2J Tank Access Hatch/Level Alarms	Tue 10/1/13	Mon 6/30/14	0%	MAINT/RC												
24	3 BUILDING, YARD, STP IMPROVEMENTS	Mon 7/1/13	Mon 6/30/14	0%													
25	3A ADMIN BUILDING	Mon 7/1/13	Mon 6/30/14	0%													
26	3A1 Electronic Document Management System	Mon 7/1/13	Mon 6/30/14	25%	GM/DB												



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

ATTACHMENT B

FY13_14 CAPITAL IMPROVEMENT PROJECTS

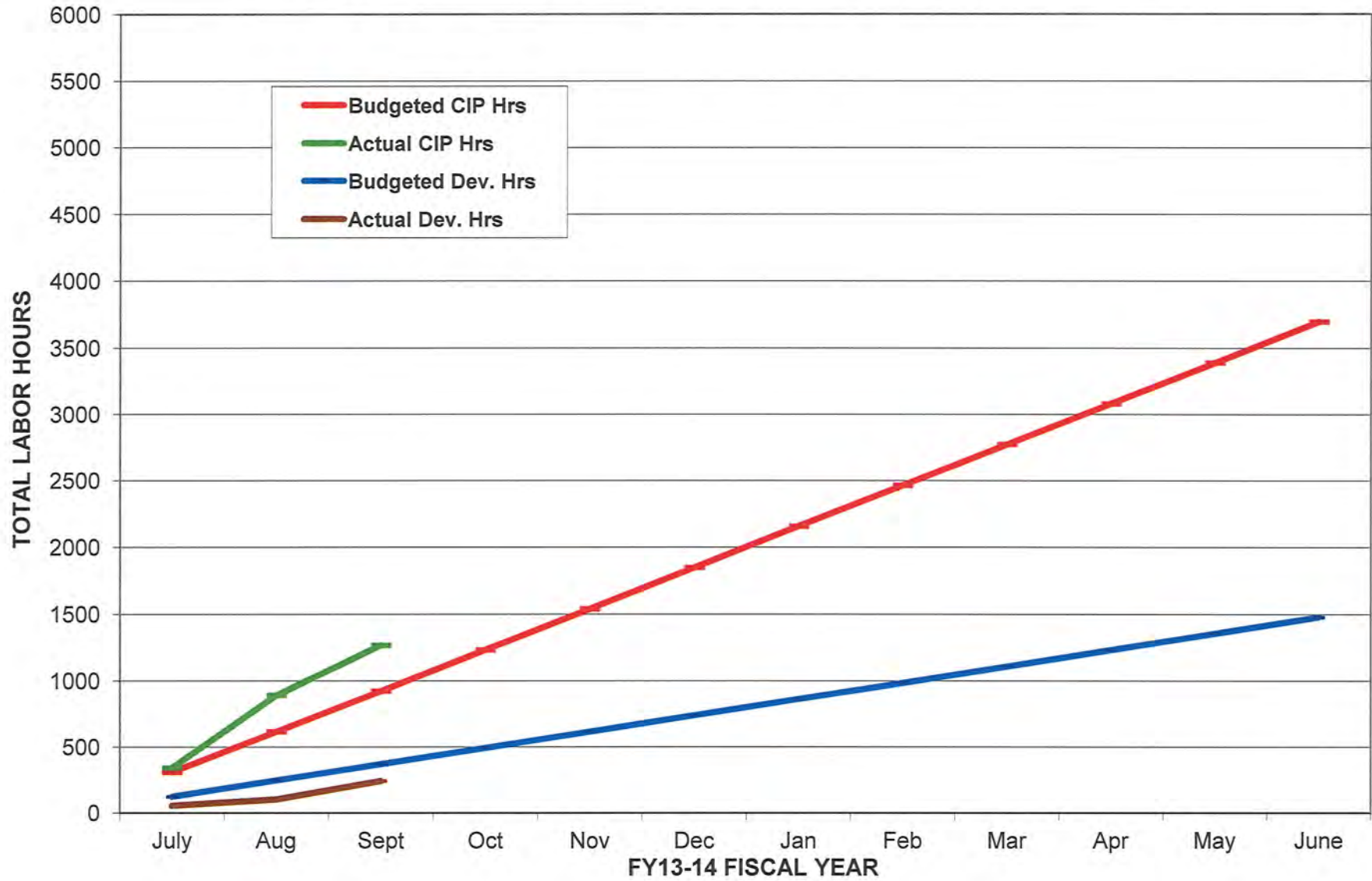
ID	Task Name	Start	Finish	% Complete	Resp	Qtr 1, 2014			Qtr 2, 2014			Qtr 3, 2014			Qtr 4, 2014		
						Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
27	3A2 Admin Office/Lab/Yard Remodel Plan	Mon 12/2/13	Mon 6/30/14	0%	OPS / RC												
28	3B CORP YARD/WAREHOUSE/CONSTRUCTION OFFICE	Mon 7/1/13	Mon 6/30/14	0%													
29	3B1 SMART Crossing Upgrade (@Golden Gate Pl)	Mon 7/1/13	Mon 6/30/14	25%	GM												
30	3C STAFFORD TREATMENT PLANT	Mon 7/1/13	Mon 6/30/14	0%													
31	3C1 Watershed Erosion Control	Mon 9/2/13	Sat 5/31/14	50%	OPS / RC												
32	3C3 Start Up Flushing Connection	Wed 1/1/14	Mon 6/30/14	0%	ENG / CC												
33	3C4 Lake Aeration Upgrade	Sat 2/1/14	Mon 6/30/14	50%	OPS / RC												
34	4 STORAGE TANKS/PUMP STATIONS	Mon 7/1/13	Mon 6/30/14	0%													
35	4B1 Atherton Recoat & Mixing System	Mon 7/1/13	Mon 6/30/14	25%	ENG / CC												
36	4C Lynwood Pump Station Motor Control Center	Mon 7/1/13	Tue 12/31/13	10%	MAINT/RC												
37	4D Relocate School Dr/Crest PS	Mon 7/1/13	Mon 6/30/14	10%	ENG / DJ												
38	5 RECYCLED WATER	Mon 7/1/13	Mon 6/30/14	0%													
39	5A NBWRA Grant Program Administration	Mon 7/1/13	Mon 6/30/14	25%	ENG / DM												
40	5B Expansion to South Service Area	Mon 7/1/13	Mon 6/30/14	35%													
41	6 WEST MARIN WATER SYSTEM IMPROVEMENTS	Mon 7/1/13	Mon 6/30/14	0%													
42	SYSTEM IMPROVEMENTS	Mon 7/1/13	Mon 6/30/14	0%													
43	6A PRTP Solids Handling	Mon 7/1/13	Mon 6/30/14	12%	ENG / DJ												
44	6B PRTP Control Valve Replacement	Mon 7/1/13	Mon 6/30/14	0%	MAINT/RC												
45	6F Gallagher Auxiliary Stream Gauge	Mon 7/1/13	Mon 6/30/14	25%	GM												
46	6E Olema PS Flood Protection & RTU Upgrade	Mon 12/2/13	Mon 6/30/14	0%	ENG / DM												
47	6F Emergency Generator Connections	Tue 10/1/13	Mon 6/30/14	0%	MAINT/RC												
48	6G Tank Seismic Upgrades	Mon 12/2/13	Mon 6/30/14	0%	ENG / JK												
49	7 OCEANA MARIN SEWER SYSTEM	Mon 7/1/13	Mon 6/30/14	0%													
50	7A Infiltration Study & Repair	Tue 10/1/13	Tue 12/31/13	0%	OPS / RC												
51	7B SCADA RTU Upgrade and Install	Mon 2/3/14	Mon 6/30/14	0%	MAINT/RC												



Current Inactive Milestone
 Baseline Inactive Summary
 Inactive Task Manual Task
 Inactive Task Duration-only

Manual Summary Rollup Progress
 Manual Summary
 Start-only
 Finish-only

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



ATTACHMENT C

14

MEMORANDUM

To: Board of Directors

November 1, 2013

From: Ryan Grisso, Water Conservation Coordinator *RG*

Subject: Water Conservation Quarterly Update (July-September 2013)

\\Nmwdsrv1\water conservation\Memos to Board\Quarterly Reports\Water Conservation FY 2013_2014 QTR1 Summary Report.doc

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None

Water Conservation:

This memo provides an update on all water conservation and public outreach activities implemented during the first quarter of Fiscal Year 2013/2014 (FY 14). The District Water Conservation and Public Outreach Programs are operating according to the current Water Conservation Master Plan, and Urban Water Management Plan 2010. 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 14	FY 13	FY 12
Water Smart Home Surveys	78	98	115
Water Smart Commercial Surveys	0	0	1
High Efficiency Toilet Rebates (Residential)	54	66	64
High Efficiency Toilet Rebates (Commercial)	0	0	2
Retrofit on Resale (Dwellings Certified)	89	103	69
High Efficiency Washing Machine Rebates	88	57	76
Cash for Grass Rebates	9	13	18
Water Smart Landscape Rebates	4	2	4
Smart Irrigation Controller Rebates (Residential)	1	0	0
Smart Irrigation Controller Replacement (Commercial)	14	6	0
New Development Sign-offs (Residential)	3	8	3
New Development Sign-offs (Commercial)	0	5	6
Large Landscape Audits (measured by number of meters)	0	0	0
Large Landscape Budgets (measured by number of accounts)	437	435	430

Water Conservation program participation has remained fairly consistent this year compared to the last two fiscal years, with gains in the number of Smart Irrigation Controllers installed and High Efficiency Clothes Washers rebated and slight decreases in the number of Water Smart Home Surveys completed and High Efficiency Toilets rebated. Additional public outreach emphasis on program participation is expected help to increase program participation this year. Staff is also working on options for generating additional customer participation in the High Efficiency Toilet replacement program. Detailed water conservation program summaries on each of the programs will be provided

to the Board in the Water Conservation Mid-Year Report.

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 has entered into a funding agreement with SCWA to receive these funds and SCWA has submitted the first invoice in the amount of \$42,813 (for eligible program participation from August 2011 through February 2013), which is expected to be paid in December 2013.

Public Outreach and Conservation Marketing

In the Water Conservation Master Plan 2008, the District committed to continuing a comprehensive outreach program aimed at alerting customers to water supply issues and water conservation programs. In the first quarter of FY14, the District sponsored and staffed the California Native Plant Society Fall Plant Sale and Fair, and worked on distribution of the Fall 2013 “Water Line”. District staff continues to make regular updates to the Facebook page, which now has a “Like” total of 1,013, which is a large amount of Facebook followers for a water district of our size. The new banner was installed on the corporation yard storage shed in June 2013 and lights for the corporation yard banner were recently installed to improve visibility during the evening hours. District staff also continues to provide public outreach for the Recycled Water Program in both the North and South Service Areas.

Budget

Table 2 summarizes the first quarter expenditures between the three fiscal years for (July-September). FY13 expenditures are somewhat below FY12 and FY11, due to the continued decreased rebate and participation level in the High Efficiency Toilet and Cash for Grass Programs.

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

	FY 14	FY 13	FY 12
Total Budget	\$400,000	\$400,000	\$400,000
July-September Expenditures	\$61,952	\$64,596	\$71,679

15

MEMORANDUM

To: Board of Directors

November 1, 2013

From: Katie Young, District Secretary *KY*

Subj: Draft Annual Report
t:\gm\admin secty\admin ass\annual report\12-13\memo re draft report.docx

RECOMMENDED ACTION: Information Only

FINANCIAL IMPACT: None at this time

Attached is the Draft Annual Report for Fiscal Year 2012-2013 for your review. Please submit comments for incorporation into the annual report to me by Tuesday, November 12, 2013. After which comments will be incorporated or addressed with the Board, the General Manager will review and the finished product will be distributed at the November 19th Board meeting.

Annual Report



HISTORICAL HIGHLIGHTS

- 1948** The Novato community approves formation of the North Marin Water District and purchase of Novato Water Company.
- 1949** Novato voters impose a significant tax upon themselves (77¢/\$100 assessed value) to finance a \$2 million bond issue to purchase and upgrade the private water system and to construct a dam at Stafford Lake and build a water treatment plant.
- 1951** Contractor T.E. Connolly of San Francisco constructs Stafford Lake Dam, designed by Kennedy Engineers, to impound 560 million gallons (MG) of water.
- 1952** Stafford Water Treatment Plant, designed by Kennedy Engineers and built by C. Norman Peterson, goes into operation. It has a capacity of 3.75 million gallons per day (mgd).
- 1954** The spillway at Stafford Lake is raised to increase the reservoir capacity to 1.45 billion gallons, boosting the annual safe yield of Stafford Lake to 620MG.
- 1960** Voters approve a \$3.79 million bond issue to finance system improvements, most notably construction of an aqueduct connecting Novato to the Russian River.
- 1961** The North Marin Aqueduct, a 9.4-mile, 30" pipeline from southern Petaluma to Novato is constructed. The aqueduct is capable of supplying 6.5 mgd.
- 1963-66** Multiple water storage tanks are constructed, increasing storage from 2MG to 16MG.
- 1970s** Five small West Marin improvement districts are annexed into NMWD at the request of West Marin citizens: Oceana Marin Sewer in 1969; Point Reyes Station/Inverness Park Water in 1970; Olema Water in 1973; Tomales Sewer in 1975; and Paradise Ranch Estates Water in 1979.
- 1973-75** System storage capacity is increased to 26MG with construction of the Atherton (5MG welded steel) and Pacheco (5MG concrete) Tanks.
- 1974** Stafford Treatment Plant is modified to increase production capacity to 6.3 mgd.
- 1980s** North Marin assumes a leadership role in the water conservation field, pioneering programs such as connection fee discounts for installation of xeriscapes in new residential construction and "Cash-For-Grass" rebates for existing customers who replace irrigated turf with xerophytic plants.
- 1983** The US Army Corps of Engineers completes the construction of the Warm Springs Dam, creating a water supply pool in Lake Sonoma of 69 billion gallons.
- 1990s** Marin United Taxpayers twice touts NMWD as the Best Managed Public Agency in Marin County.
- 1998** The District celebrated 50 Golden Years of Quality, Excellent Service and Tradition.
- 2001** Marin Municipal Water District agrees to reorganize boundaries at Hamilton AFB to be coincident with Novato city limits, enabling NMWD to serve areas within Novato formerly served by MMWD.
- 2002** Amaroli Tank, a 4.5MG buried concrete tank adjacent to Highway 101 on Ammo Hill, is completed and increases total Novato area storage capacity to 33MG.
- 2003** Reconstruction of the Stafford Water Treatment Plant commences.
- 2005** A 180,000-gallon concrete storage tank is constructed in Point Reyes Station to replace a 36-year-old 100,000-gallon redwood tank serving the West Marin community.
- 2006** The Restructured Agreement for Water Supply with Sonoma County Water Agency (SCWA) is executed, authorizing SCWA to construct facilities to increase North Marin's water delivery entitlement to meet Novato's future needs consistent with the community general plan.
- 2006** The Stafford Water Treatment Plant \$16 million reconstruction project concludes, enabling Stafford Lake water to meet anticipated future water quality standards.
- 2006** A 150,000-gallon concrete storage tank is constructed on Sir Francis Drake Road, ½ mile east of Olema, to replace a 43-year-old 80,000-gallon bolted-steel tank.
- 2007** The 0.5 mgd Deer Island Recycled Water Facility, located adjacent to Highway 37 immediately south of Deer Island, commenced operation in June 2007 serving Stone Tree Golf Course.
- 2008** The 500,000-gallon Center Road Tank, constructed to mitigate fire-storage deficiencies in west Novato, is completed.
- 2009** Palmer Drive Tank is completed adding 3MG of first-zone storage in southern Novato, and increasing total Novato area storage capacity to 37MG.
- 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.

For a narrative description of North Marin Water District history of formation and expansion in Novato and West Marin, please visit our website at www.nmwd.com and click on Service Area.

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	Doug Moore
Engineering	Drew McIntyre
Operations/Maintenance	Robert Clark

MISSION STATEMENT

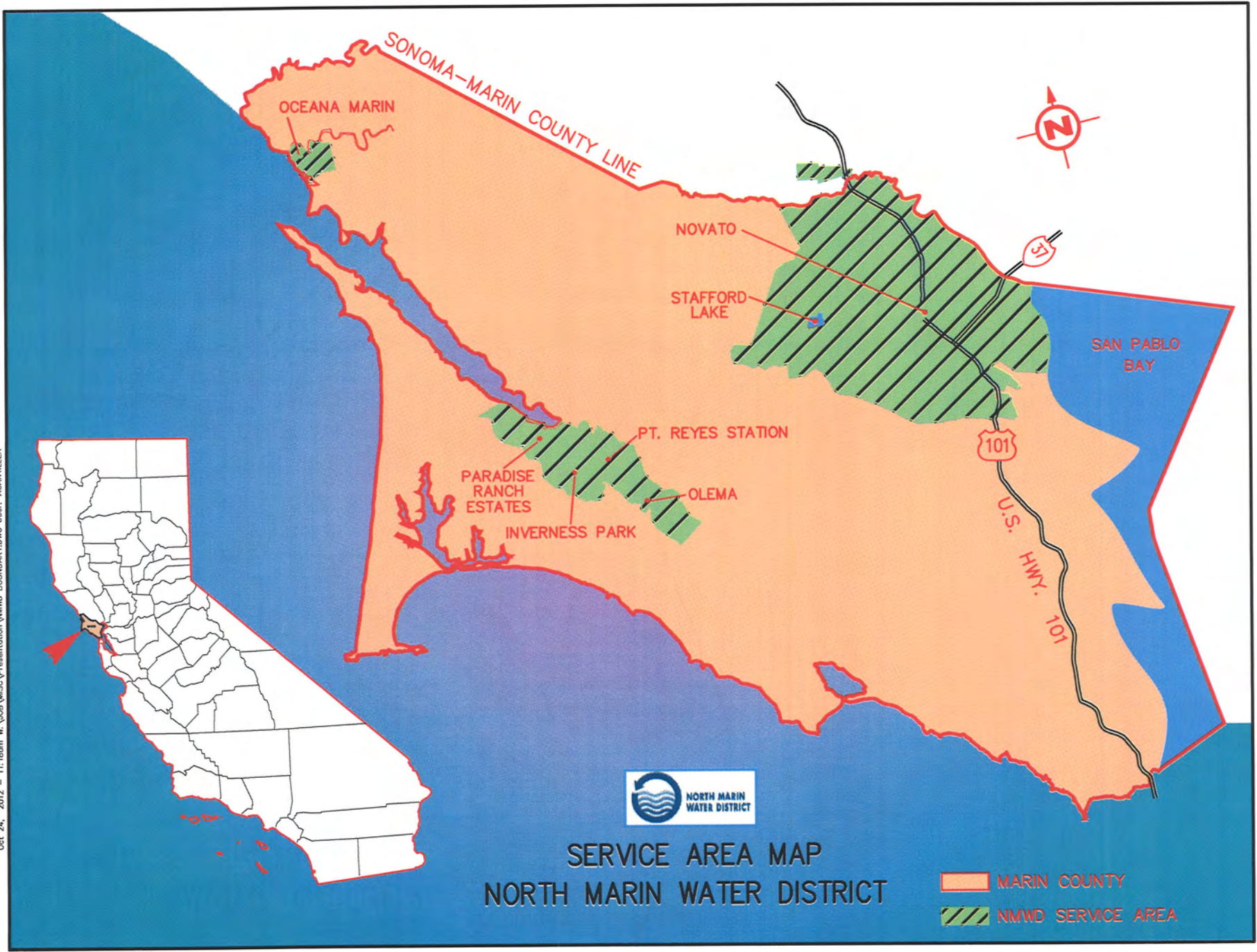
We provide an adequate supply of safe, reliable and high quality water and deliver reliable and continuous sewer service to our customers at reasonable cost consistent with good conservation practices and minimum environmental impact.

BOARD MEETINGS

Regular Board meetings are held on the first and third Tuesday of each month at 7:30 p.m. Meetings are normally held at North Marin Water District headquarters, 999 Rush Creek Place, Novato. For meeting agendas, contact the District Secretary at 415-897-4133 or visit the website at www.nmwd.com

(Front cover photo: New Banner at NMWD)

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**SERVICE AREA MAP
NORTH MARIN WATER DISTRICT**

- MARIN COUNTY
- NMWD SERVICE AREA

MESSAGE FROM THE GENERAL MANAGER ... *Chris DeGabriele*

The North Marin Water District (North Marin) carries out its Mission with a highly-motivated and competent staff empowered to conduct the District's business by placing customer needs and welfare first. Each day, District employees strive to carry out their work mindful of these basic principles: Good Water, Good Service, Good Value, and A Safe Place to Work. This annual report updates customers on the North Marin accomplishments in Fiscal Year (FY) 2013 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 2013 totaled 19.38", well below the historical average and the second consecutive low rainfall year. Ample water was available in the Russian River system for fish, agriculture and urban deliveries. North Marin's Stafford Lake water treatment plant was utilized to augment Russian River supplies with local water supply and the Deer Island recycled water treatment facility (a joint project between North Marin and Novato Sanitary District) delivered highly-treated recycled wastewater to irrigate Stone Tree Golf Course. Additionally new recycled water treatment facilities at Las Gallinas and Novato Sanitary Districts were completed and North Marin's recycled water distribution system was expanded in north and south Novato.

SCWA has abandoned its efforts to construct previously contemplated necessary Russian River water production and delivery facilities (pumps and pipelines) to fulfill the new Restructured Agreement contract requirements for increased Russian River water. Competing environmental and fishery-related interests delayed the expanded Russian River water facility development. SCWA is now focused on completing the Biological Opinion for water supply in the Russian River watershed issued by the National Marine Fisheries Service laying out the requirements to preserve, protect and restore the fisheries over the next 15 years and maintain the existing Russian River water supply. Additionally, state legislation passed in November 2009 (SB7X-7) will force a 20% reduction in per capita water use by 2020. North Marin must achieve more water conservation and expansion of recycled water to further stretch our local source of supply in future years.

Weather patterns in FY 2013 were dry but sufficient rain fell in early winter to fill Stafford Lake.

In West Marin, even though it was a relatively dry year, normal year water supply conditions on Lagunitas Creek prevailed and customers experienced no water restrictions. A replacement well was constructed in Pt. Reyes Station and was placed on-line in June 2013.

In June 2013, the third in a series of three annual 11% water rate increases became effective. At \$589 per year, the cost of water service for a typical Novato single family home using 107,100 gallons of water a year is below the median of urban area water purveyors (see chart page 20). Water remains a good value for Novato customers.

WATER SUPPLY

STAFFORD LAKE – Local Source Provides 20% of North Marin’s Supply

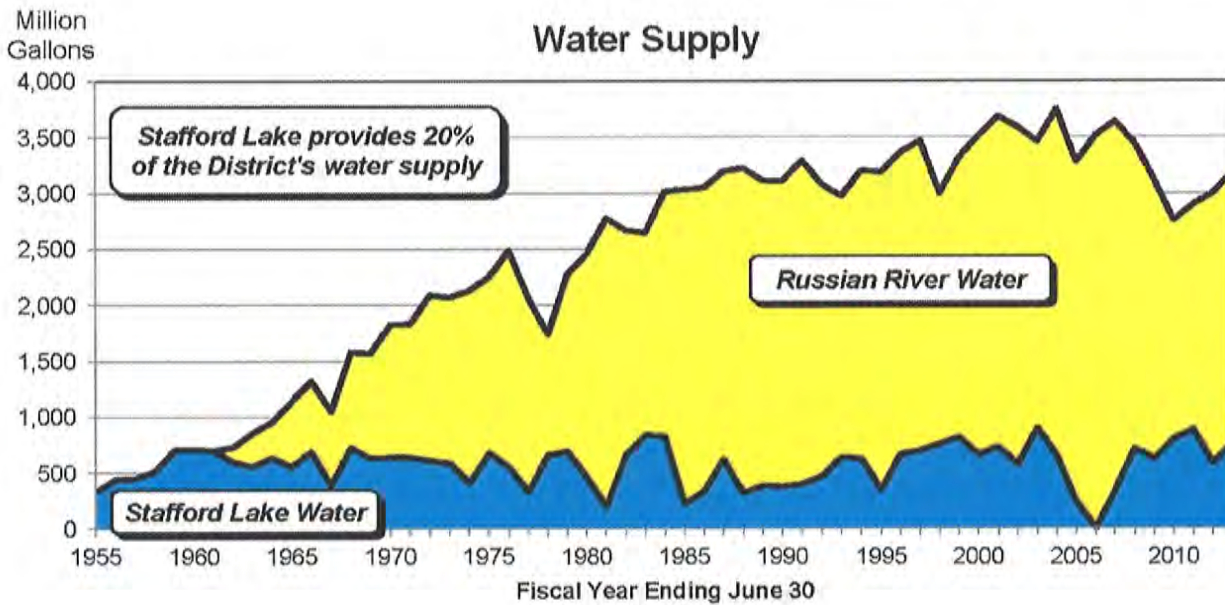
Stafford Lake lies four miles west of downtown Novato and collects the runoff from 8.3 square miles of watershed land adjacent to the upper reaches of Novato Creek. The lake has a surface area of 230 acres and holds 4,450 acre-feet or 1,450 million gallons (MG) of water. Water from Stafford Lake is fed into the 6 million gallons per day (MGD) treatment plant located just below the dam. In FY 2013, 2,316 acre feet (755MG) 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. Releases from the lakes flow to a point about 10 miles upstream of Guerneville (see map on page 18 of this report), where six deep Ranney Collector wells draw river water that has been filtered through 60 to 90 feet of natural sand and gravel to perforated pipes located at the bottom of each well. The thick layer of sand and gravel through which the water must pass before reaching the intake pipes provides a highly-efficient, natural filtration process which, with chlorination treatment,

produces a clear, potable, bacteria-free water. This water is then fed directly into the SCWA aqueduct system.

In FY 2013, North Marin received 7,439 AF (2,424 MG) of Russian River water. North Marin has an agreement in place with SCWA to provide sufficient supply and meet Novato's current and future water supply needs. There continues to be competing interests for Russian River water, principally to protect steelhead and salmon listed as threatened or endangered species under the Endangered Species Act.



ADMINISTRATION

The Administration Department is comprised of the Administrative Services, Consumer Services, Finance, Human Resources and Information Systems divisions.



Consumer Services is responsible for the accurate and timely meter reading (pictured at the left) and billing, rendering and accounting for 149,000 bills annually. During the year, field staff responded to 1,338 customer calls for water service assistance and received a 92% 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 74% in FY13 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 \$665,000 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 (72% of residential customers never use more than 615 gallons per day). The CITR is designed to further encourage high-use residential customers to review and tighten-up their landscape irrigation practices. FY13 water use within the CITR range declined 30% compared to FY 2005.

- In February, the District's 2013 Urban Area Water Cost Comparison showed that North Marin's cost of water service remains below the median of the seventeen urban agencies serving the greater San Francisco Bay Area. The annual cost for water service to a typical single-family home in Novato was \$589/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, 2012. This is the fourth 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. (see picture above)

Fiscal Year 2013 financial highlights include:

- The District, on a consolidated basis, received 109% of budgeted operating revenue and expended 103% of budgeted operating expenditures, resulting in a net income of \$2,037,000. \$8.7 million (91%) of the Improvement Project Budget was expended. During the year the District received \$6.1 million in grant and loan proceeds to finance its capital improvement project program,

and ended the year with a cash balance of \$10.0 million, a decrease of \$0.5 million from the prior year.

- Novato potable water consumption increased 7% from the prior year. Stafford Treatment Plant produced 755 MG (2,316 AF), up 29% from the prior year. The net income of \$2.2 million exceeded the \$787,000 budgeted net income, and compares to a loss of \$260,000 the prior year.
- The 0.5 MGD Deer Island Recycled Water Facility combined with Novato Sanitary District and Las Gallinas Valley Sanitary District to produce 81.8MG of Recycled Water, up 46% from the prior year. Fifteen new customers were added during the year. The fiscal year net loss of \$393,000 exceeded the \$256,000 budgeted loss.
- West Marin Water consumption was up 9% from the prior year. The \$211,000 net income compares to a budgeted net income of \$123,000 and to net income of \$146,000 the prior year. West Marin Water ended the fiscal year with a cash balance of \$699,000. An 8% increase applicable to West Marin water customers was approved effective July 1, 2013.
- Oceana Marin Sewer's net income of \$28,000 compares to a budgeted income of \$36,000 and to net income of \$23,000 the prior year. Oceana Marin ended the year with a \$343,000 cash balance.

ENGINEERING DEPARTMENT



Aqueduct Energy Efficiency Project
Department pursuant to North Marin regulations.

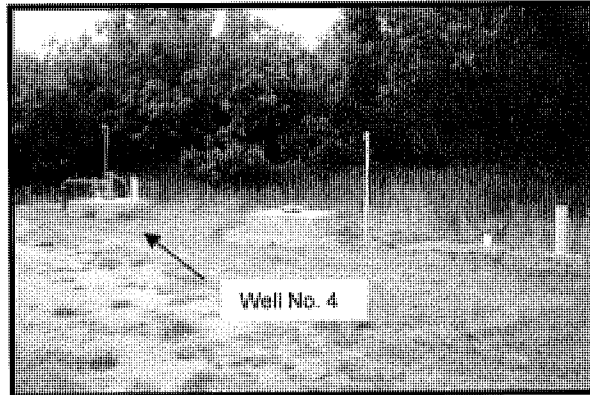
The Engineering Department consists of professional and technical staff that oversees the planning, permitting, design, construction and project management of water supply, treatment, transmission and distribution facilities necessary to serve North Marin's customers in Novato and West Marin. Engineering functions for wastewater-related facilities are also provided by the Engineering Department to support North Marin's wastewater collection, treatment and disposal system in Oceana Marin. Property owners or developers desiring new water service or an upgrade to their existing service are assisted by the Engineering

In the Novato service area, the Engineering Department oversaw the majority of thirty-three projects with a combined fiscal year total expenditure of approximately \$8,100,000. Of these thirty-three projects, twenty-five were completed within the budget year. Some of the significant projects included start of the North Marin Aqueduct Upsizing as part of the Aqueduct Energy Efficiency Project, Leveroni Creek Bank Repair and completion of the Recycled Water North and South Phase 2 Expansion project



(North and South Service Areas, above)

In the West Marin service area, including Oceana Marin, the Engineering Department oversaw six improvement projects with combined fiscal year total expenditures of \$548,681. The most significant projects in West Marin were the Oceana Marin Cross County Sewer Line Rehabilitation and the Pt. Reyes Well No. 3 Replacement (aka Well No. 4)



Pt. Reyes Well No. 3 Replacement

WATER CONSERVATION

North Marin Water District maintains a comprehensive and innovative Water Conservation Program aimed at both residential and non-residential 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 370 million gallons of water during FY 2013.

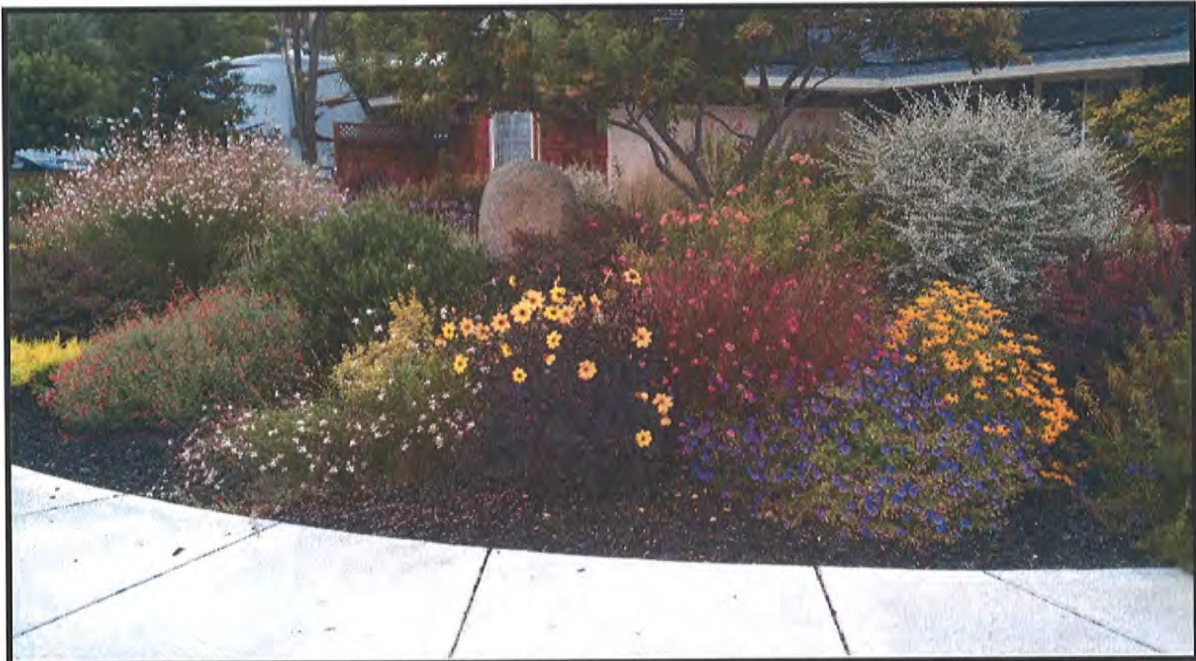


Residential activities include residential water use surveys (177 completed), high-efficiency washing machine (HEW) rebates (252 paid), high-efficiency toilet (HET) replacements (238 rebates paid), a Cash-for-Grass Program (turf removal rebate - 33 rebates paid), Conservation Incentive Tier Rates, flapper rebates, weather-based irrigation controller rebates, landscape efficiency rebates, and a plumbing retrofit-on-resale program (toilets, showerheads, and bathroom sink faucets). Water conservation programs for non-residential customers include HET rebates, HEW 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 and messages, 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 Facebook and YouTube pages. 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.

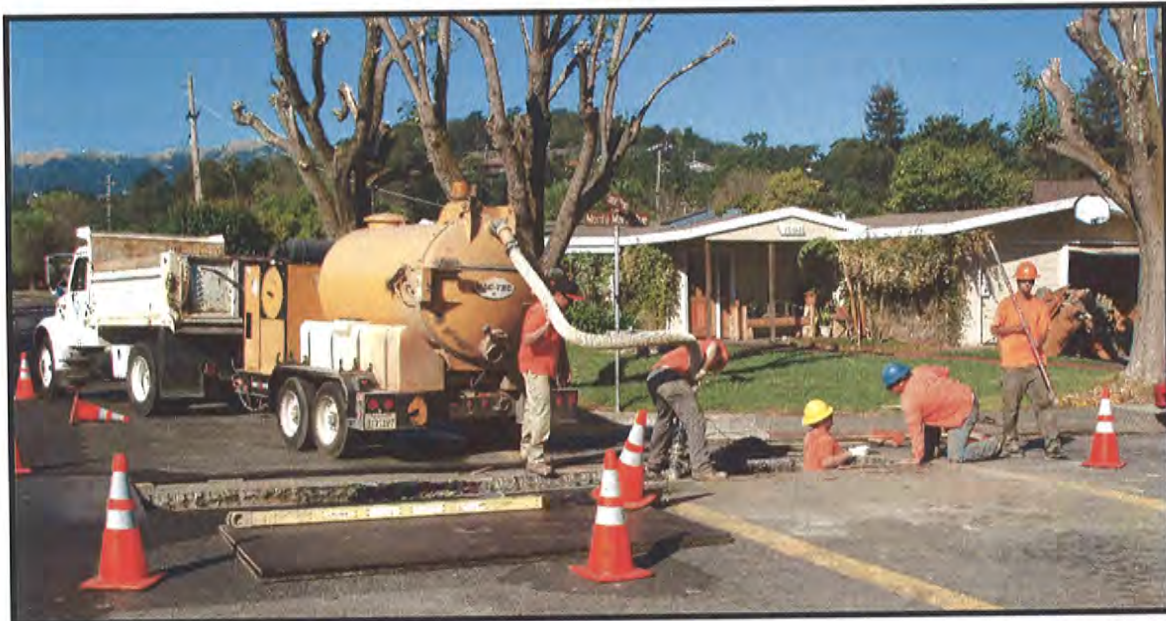
Finally, the District requires new development to meet some of the most stringent water-use efficiency standards in the nation, including: installation of a HEW, HETs, weather-based irrigation controllers, a maximum of 800 square feet of turf for residential development and no turf for commercial development, 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.



Low Water Use Landscape

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, North Marin Water District's Construction crews have replaced several water service laterals prior to both City of Novato and Marin County paving projects, on Calle de la Mesa, Calle de la Loma, H Lane, and several in the Pt. Reyes area. (see above picture)

Crews have done work for the new Canyon Green housing project, including pipeline taps and service relocations, and removing valves that were used for the old Novato Hospital on Hill Rd.

The Sunset Parkway installation was the crews' biggest job this year. Crews installed approximately 600 feet of new 12" water main to replace the aging 12" cast iron pipe, between South Novato Blvd. and Cambridge Street.



Sunset Parkway installation

Crews also worked on the new Pt. Reyes Well #4, installing piping in order to connect the new well.

Crews installed piping on Center Road to abandon use of an 8" pipeline which was in conflict with private property along Center Road and Holstrom Circle.

OPERATIONS/MAINTENANCE DEPARTMENT

The Operations/Maintenance Department is comprised of three groups – Operations, Maintenance and Water Quality. 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. This year, staff revised the 2012 Novato Water System Master Plan Update that included an outline for Asset Management focus for the next five years.

OPERATIONS

The Operations Group is comprised of five Distribution and Treatment Operations staff who work closely with Water Quality Group, sharing the responsibility of monitoring the Stafford Lake watershed and working cooperatively with nearby 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 and 27 pump stations. Also this year, two 500,000-gallon water storage facilities have been added, along with 8 miles of distribution mains, to provide 34 customer sites with 81.8 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 82.8 MG of potable finished water. This water supplied six pump stations and thirteen storage tanks for distributing water supply to Point Reyes Station, Olema, Inverness Park, Paradise Ranch Estates, and Bear Valley. Additionally, the department oversees the wastewater collection and contract treatment operations in Oceana Marin.



Pt. Reyes Automation Controller



New Stafford Lake Aeration Pump

Operations activities and accomplishments during FY2013 include 23 improvement projects, 15 major maintenance tasks during the winter shutdown and over 800 routine maintenance tasks throughout the year. Work performed to complete the Pacheco Tank chlorination and mixing system, Stafford Lake aeration system, Point Reyes Well and Treatment Plant controls replacement were key to the continued high quality of water that the group provides.

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, 2,400 cross connection devices, 2,600 hydrants and 3,900 valves.

In West Marin, the Maintenance Department maintains the Lagunitas Creek wells, Point Reyes treatment plant, 13 tanks and 8 pump stations 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 FY2013 include 27 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 STP, Plum, Reservoir Hill, Nunes and Half Moon pump stations and the Point Reyes Treatment Plant. Improvement projects also included Stafford Lake aeration, Stafford Lake Solar, Stafford Generator connection, Point Reyes Well, the Bolling Circle Recycled Water booster station, and access modification for the main office entry.



Office Entry Access Remodel



Stafford Lake Solar Power Installation

The District's fleet mechanic received his Distribution Operator II certification and has been able to assist E/M staff with a major overhaul of the Stafford Treatment Plant high service pump station and the Point Reyes well pump power re-alignment. He also received and outfitted two new ¾-ton service trucks and a vacuum excavator for the Construction / Maintenance Department.

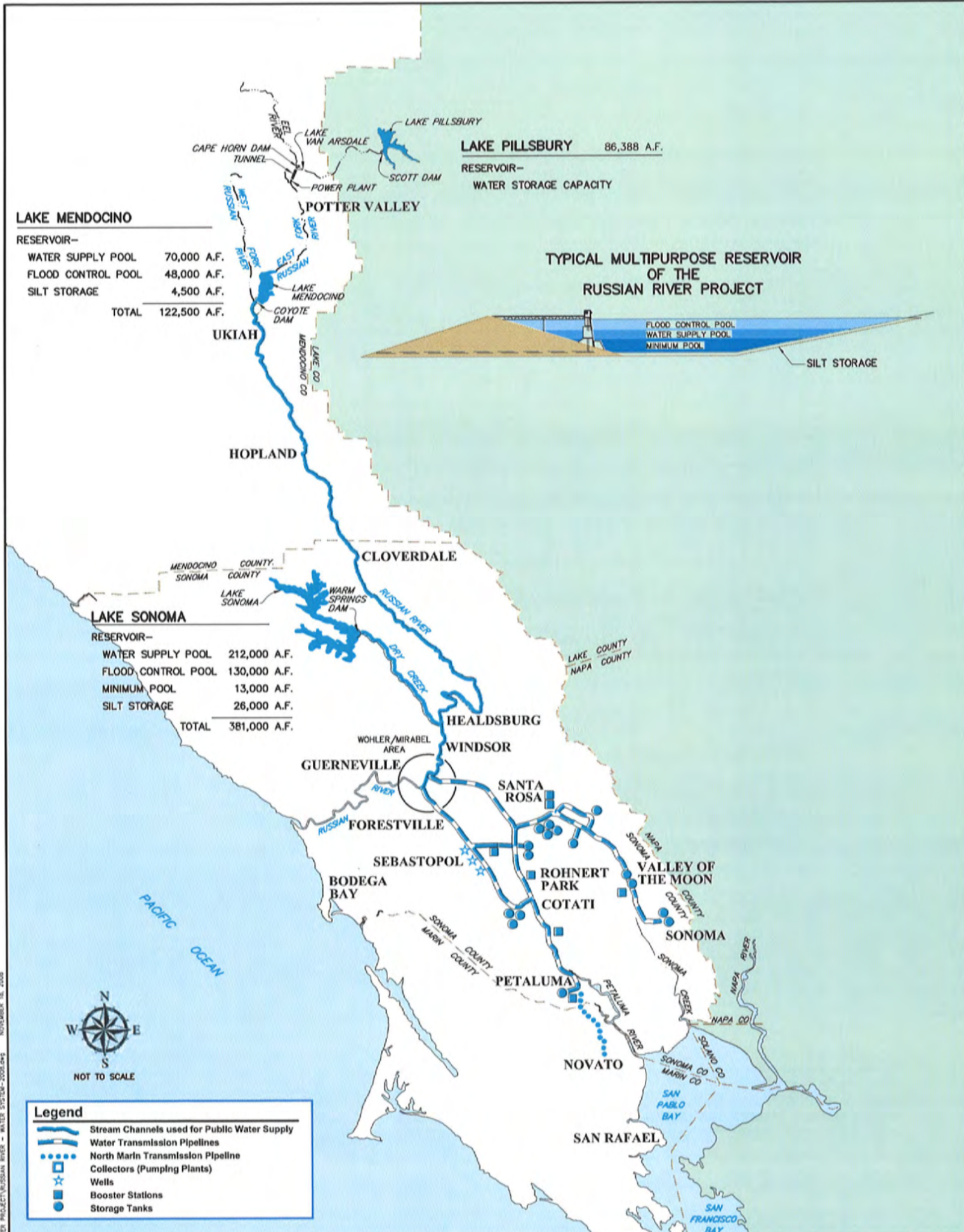
WATER QUALITY

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 and investigates complaints.

Water Quality accomplishments during the 2013 fiscal year include:

- Expanding contract lab services for both Marin Municipal Water District and Las Gallinas Valley Sanitary District recycled water testing;
- Liaising with Department of Public Health staff for approval of on-site retrofits for new recycled water services throughout Novato; and
- Submitting detailed permit request and water quality data for timely approval of the new Point Reyes Well #4.



LAKE MENDOCINO

RESERVOIR-

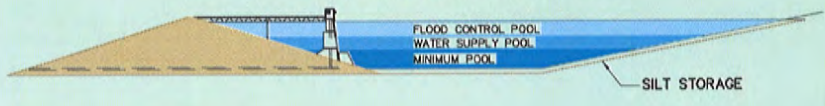
WATER SUPPLY POOL	70,000 A.F.
FLOOD CONTROL POOL	48,000 A.F.
SILT STORAGE	4,500 A.F.
TOTAL	122,500 A.F.

LAKE PILLSBURY 86,388 A.F.

RESERVOIR-

WATER STORAGE CAPACITY

TYPICAL MULTIPURPOSE RESERVOIR OF THE RUSSIAN RIVER PROJECT



LAKE SONOMA

RESERVOIR-

WATER SUPPLY POOL	212,000 A.F.
FLOOD CONTROL POOL	130,000 A.F.
MINIMUM POOL	13,000 A.F.
SILT STORAGE	26,000 A.F.
TOTAL	381,000 A.F.

Legend

- Stream Channels used for Public Water Supply
- Water Transmission Pipelines
- North Marin Transmission Pipeline
- Collectors (Pumping Plants)
- Wells
- Booster Stations
- Storage Tanks



WATER TRANSMISSION PROJECTS/WATER PROJECT/RUSSIAN RIVER - WATER SYSTEM - 2008.dwg 10/04/08 10:18:20 AM

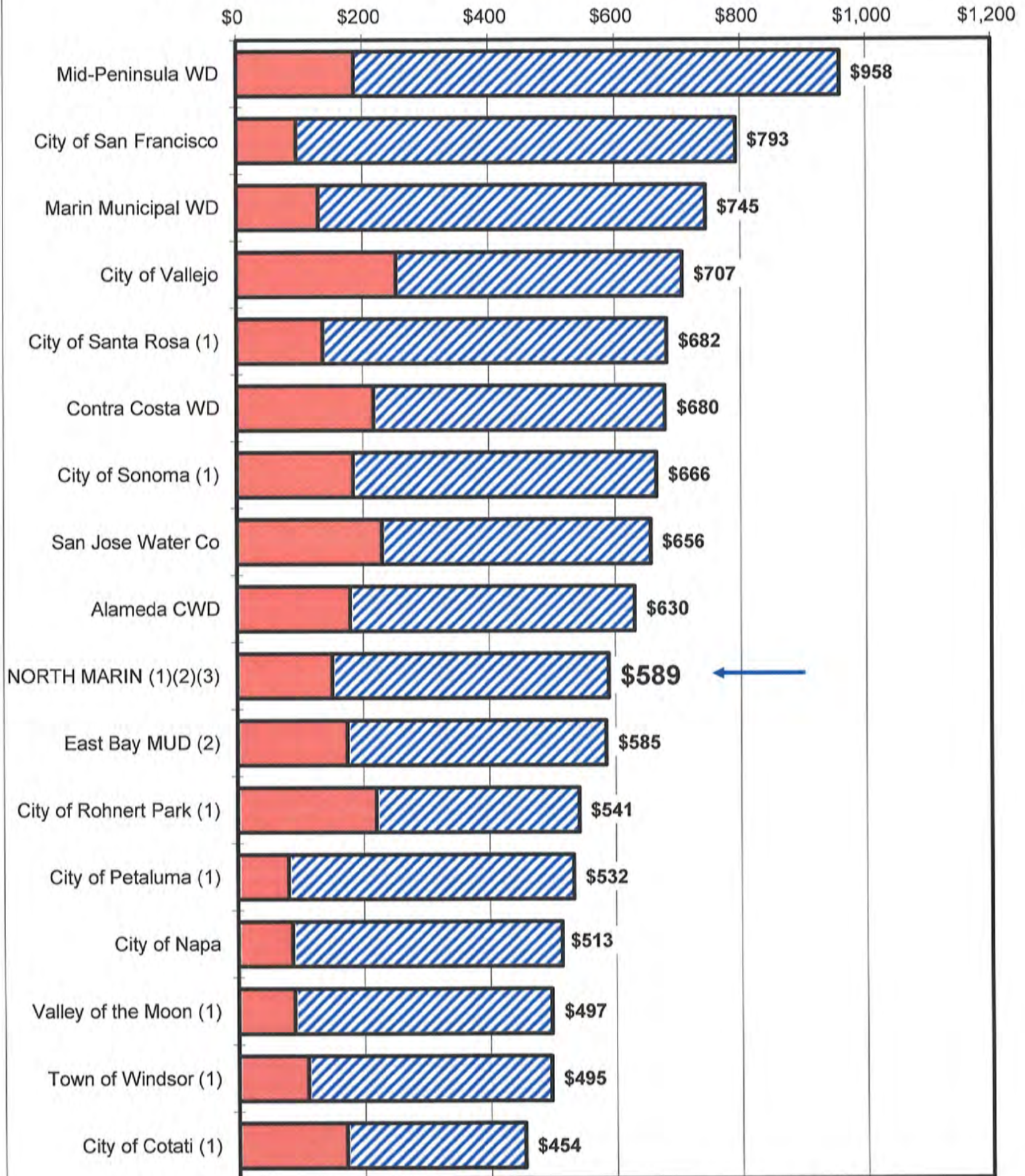


Disclaimer
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Russian River Water System

2013 URBAN AREA TOTAL ANNUAL WATER COST COMPARISON

Typical Detached Single-Family Home Annual Consumption = 107,100 Gallons



LEGEND

■ Service ■ Commodity

(1) Sonoma County Water Agency Prime Contractor.
 (2) Based on weighted average commodity charge - all zones.
 (3) Excludes West Marin rates and charges.

CHARACTERISTICS OF SERVICE AREAS

Statistics (at June 30, 2013)	Water		Sewer	Total
	Novato	West Marin	Oceana	
	Potable & RW	Service Area	Marin	
Service Area (Square Miles)	75	24	1	100
Active Connections	20,509	776	227	21,512
Dwelling Units	23,940	811	227	24,978
Estimated Population	61,000	1,700	400	63,100
Average Household Size (People)	2.6	2.1	1.9	2.5
FTE Employees	50.5	-	-	50.5
Fire Hydrants	2,630	167	-	2,797
Miles of Pipeline	321	24	5	350
Storage (million gallons)	38.4	1.0	-	39.4

Annual Water Volumes (MG) (FY2012-13)

Russian River Water Purchases	2,424			2,424
Stafford Water Treatment Plant	755			755
Recycled Water	81			81
Point Reyes Water Treatment Plant		83		83
Oceana Marin Wastewater Treatment			7	7
Total Water Production	3,260	83	7	3,349
RR Water Wheeled to MMWD	1,919			1,919

Annual Budget - FY2012-13

Operating Revenue	\$15,854,000	\$666,000	\$158,000	\$16,678,000
Connection Fees/Misc	1,304,000	104,000	65,000	1,473,000
Grant/Debt Proceeds	6,860,000	0	0	6,860,000
Total Sources	\$24,018,000	\$770,000	\$223,000	\$25,011,000
Operating Labor	\$5,401,000	\$160,000	\$10,000	\$5,571,000
Other Operating Expense (less Deprec)	6,748,000	244,000	121,000	7,113,000
Capital Expenditures	8,865,000	670,000	320,000	9,855,000
Debt Service & Other Expenditures	2,064,000	118,000	0	2,182,000
Contribution To/(From) Reserves	940,000	(422,000)	(228,000)	290,000
Total Outlays	\$24,018,000	\$770,000	\$223,000	\$25,011,000

Annual Water/Sewer Cost (FY2012-13)

to Typical Single-Family Detached Residence

Service Charge	\$25.00/2 mo.	\$25.00/2 mo.	\$58.00/mo.
Annual Consumption (Typical)	107,100 gal	59,100 gal	
Wt'd Avg Water Rate / 1,000 gal ¹	\$4.10	\$6.97	

Typical Annual Cost:

Service Charge	\$150	\$150	\$696
Commodity Charge	\$439	\$412	\$0
Allocated Tax ²	\$0	\$52	\$188
G.O. Bond Tax ³	\$0	\$22	\$0
Total Annual Cost	\$589	\$636	\$884

Notes

- 1 FY13 weighted average commodity rate. Rates vary by elevation zone to reflect different energy, pumping and storage costs. Novato rates range from \$3.73 to \$5.54 per 1,000 gallons, and in West Marin from \$6.36 to \$10.61. Average excludes tier rate charges as typical residential consumption is below tier threshold.
- 2 Allocated share of FY12 Marin County 1% ad valorem tax per active connection. Tax is collected by the County and allocated by formula to the West Marin districts.
- 3 Based on FY12 average assessed value of \$376,595 less \$7,000 Homeowner Property Tax Exemption for single-family detached homes in West Marin Service Area and FY12 PR-3 General Obligation tax rate of \$0.6¢/\$100 AV. This voter-approved tax is assessed and collected by the County of Marin.

SUMMARY FINANCIAL INFORMATION
June 30, 2013

NET ASSETS

	Total	Novato Water	Novato Recycled	West Marin Water	Oceana Marin Sewer
Assets					
Cash & Investments	10,026,055	8,512,568	622,735	698,710	192,042
Receivables & Other Assets	19,668,955	12,691,106	6,815,485	158,609	3,755
Construction-in-Progress	12,193,605	2,573,236	8,806,758	576,537	237,074
Property, Plant & Equipment (net)	84,008,607	69,175,382	10,237,067	3,938,658	657,500
Total Assets	\$125,897,222	\$92,952,292	\$26,482,045	\$5,372,514	\$1,090,371
Liabilities					
Current Liabilities	\$8,893,530	\$3,148,256	\$5,615,976	\$112,946	\$16,352
Long-Term Debt	35,906,413	22,565,091	12,247,925	1,093,397	-
Total Liabilities	\$44,799,943	\$25,713,347	\$17,863,901	\$1,206,343	\$16,352
Net Assets					
Invested in Capital Assets	\$97,089,675	\$81,348,224	\$9,980,355	\$4,620,492	\$1,140,604
Restricted & Designated Reserves	16,681,111	14,880,401	786,684	1,004,485	9,541
Earned Surplus	(32,673,508)	(28,989,680)	(2,148,895)	(1,458,806)	(76,127)
Net Assets	\$81,097,278	\$67,238,945	\$8,618,144	\$4,166,171	\$1,074,018

REVENUE & EXPENSE

Operating Revenue	\$18,256,639	\$16,997,558	\$342,446	\$758,642	\$157,992
Operating Expense	15,925,494	14,768,251	418,877	545,482	192,884
Operating Income/(Loss)	\$2,331,145	\$2,229,307	(\$76,431)	\$213,161	(\$34,892)
Non-Operating Revenue/(Expense)	(294,202)	(38,547)	(316,701)	(1,905)	62,952
Net Income/(Loss)	\$2,036,943	\$2,190,760	(\$393,132)	\$211,256	\$28,060

CASH FLOW

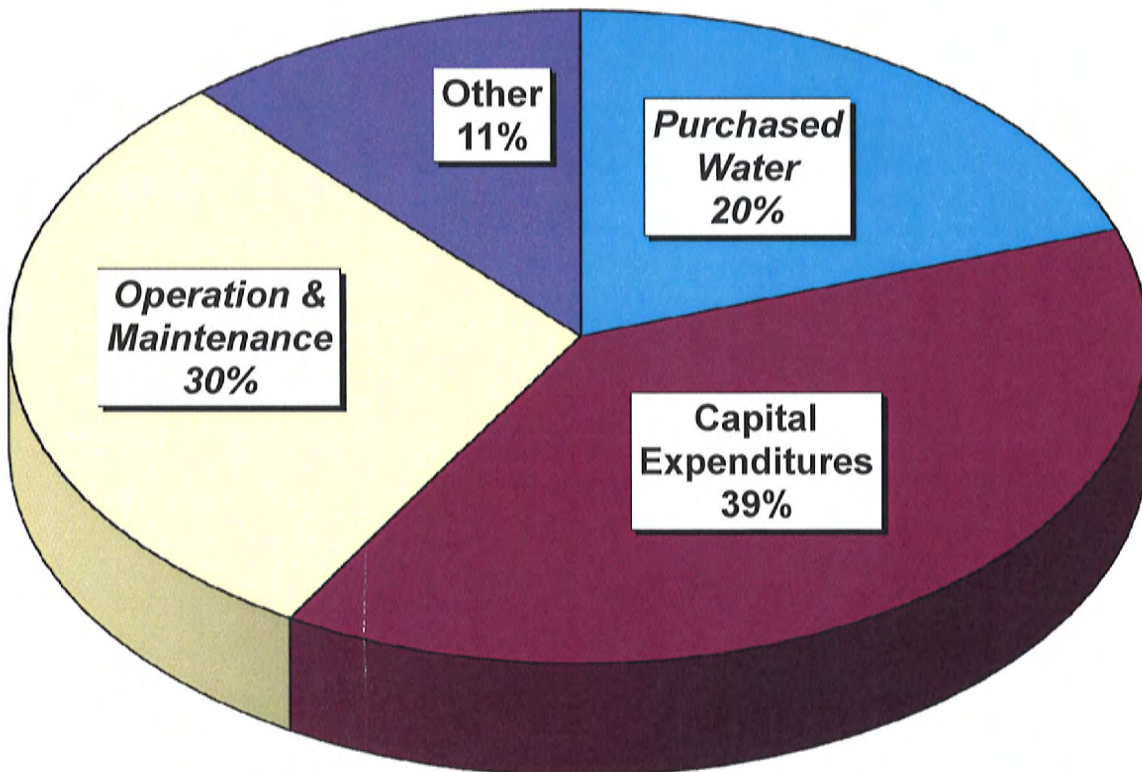
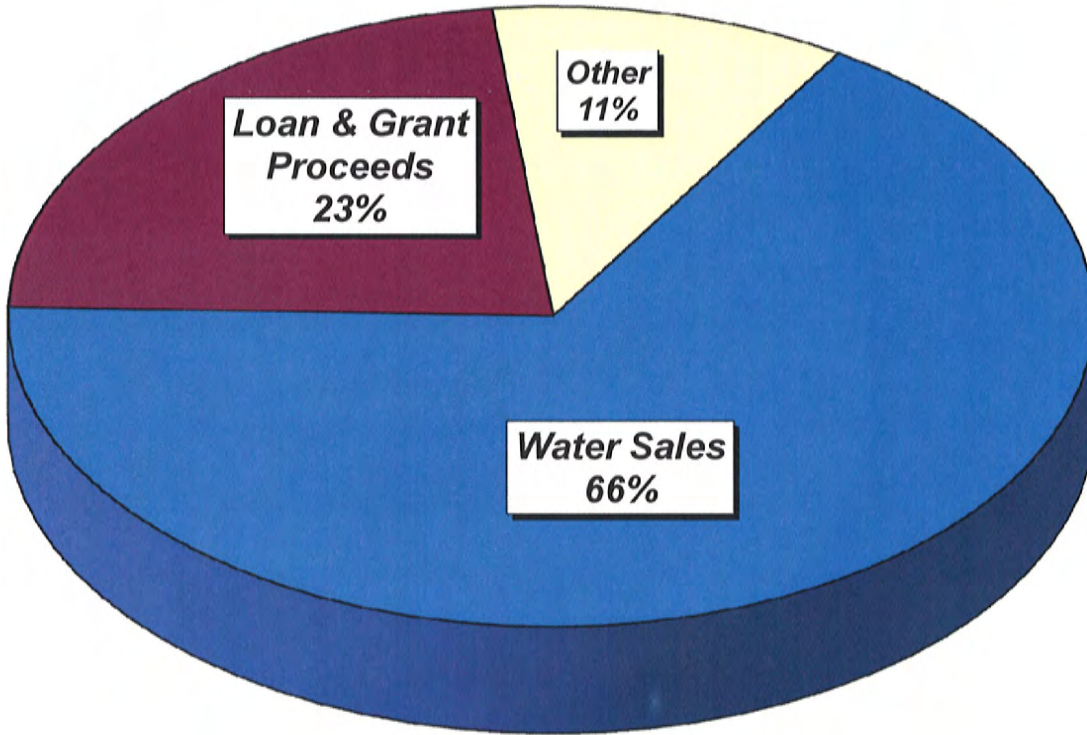
Net Income/(Loss)	\$2,036,943	\$2,190,760	(\$393,132)	\$211,256	\$28,060
Add Back Depreciation	2,784,648	2,417,032	174,242	148,654	44,720
Cash Generated	\$4,821,591	\$4,607,792	(\$218,890)	\$359,910	\$72,780

Other Sources/(Uses)

Connection Fees	\$876,350	\$871,450	-	\$4,900	-
Capital Asset Acquisition	(8,926,734)	(1,467,256)	(6,857,320)	(380,323)	(221,835)
Principal Paid on Debt	(1,337,040)	(968,215)	(302,110)	(66,714)	-
Grant Proceeds	1,761,450	-	1,761,450	-	-
Loan Proceeds	4,265,184	-	4,265,184	-	-
Interdistrict Loans	-	(1,468,352)	1,468,352	-	-
Working Capital & Miscellaneous	(1,944,140)	(2,395,974)	506,068	(51,958)	(2,276)
Total Other Sources/(Uses)	(\$5,304,930)	(\$5,428,347)	\$841,624	(\$494,095)	(\$224,111)
Net Cash Generated/(Used)	(\$483,338)	(\$820,555)	\$622,734	(\$134,185)	(\$151,331)

North Marin Water District - Fiscal Year 2012-13

Source of Funds: \$26.5 Million



Use of Funds: \$26.5 Million

HISTORICAL STATISTICS

10/21/13

t:\acell\annual report\historical statistics.xls\all districts

Fiscal Year Ending June 30:		2013	2011	2009	2007
Active Services	-Novato Water	20,492	20,464	20,416	20,325
	-Novato Recycled	17	3	3	1
	-West Marin Water	776	770	760	765
	-Oceana Marin Sewer	227	227	225	220
	Total Active Services	21,512	21,464	21,404	21,311
Full-Time Equivalent (FTE) Employees		50.5	50.5	58.3	57.1
FTE Employees per 1,000 Active Services		2.3	2.4	2.7	2.7
FTE Employees per \$1M Capital Assets		0.4	0.4	0.5	0.6
Long Term Debt per Active Service		\$1,669	\$900	\$962	\$942
Miles of Pipeline		350	346	343	337
Storage (MG)		39.4	37.9	37.9	34.8

Water Production (MG)

Point Reyes Treatment Plant	83	79	99	115
Stafford Treatment Plant	755	884	623	349
Recycled Water	81	55	75	-
Russian River Water Purchases	2,424	2,013	2,731	3,292
Total Water Production	3,343	3,031	3,528	3,756
Wheeled to Marin Municipal WD	1,919	1,748	2,447	2,443

Novato Service Area Average Day Potable Water Production (MG)

Annual	8.7	7.9	8.5	9.0
Peak Month	12.8	12.2	13.6	15.6
Peak Week	13.7	12.7	15.7	16.5
Peak Day	14.4	14.2	17.4	17.1

Financial History

<u>Source of Funds</u>				
Water Sales	\$17,617,459	\$13,443,983	\$12,154,775	\$11,105,532
Investment Earnings	95,111	143,278	353,392	672,676
Tax Revenue	88,088	96,768	103,631	97,919
Grant Proceeds	1,761,450	287,494	0	0
Connection Fees	876,350	387,610	945,914	428,166
Loan Proceeds	4,265,184	335,811	844,545	4,533,253
Other Sources	1,276,284	594,656	903,800	1,903,275
Reserves	483,338	2,149,073	2,993,758	2,876,334
	\$26,463,264	\$17,438,673	\$18,299,815	\$21,617,155
<u>Use of Funds</u>				
Purchased Water	\$5,205,519	\$4,015,679	\$3,838,298	\$4,452,190
Operation & Maintenance	7,935,326	7,862,934	9,418,827	8,517,360
Debt Service	778,762	715,491	623,560	411,544
Capital Expenditures	10,263,776	4,548,174	4,062,885	7,171,973
Other Uses	2,279,881	296,395	356,245	1,064,088
	\$26,463,264	\$17,438,673	\$18,299,815	\$21,617,155
<u>Where We Stand</u>				
Assets	\$125,897,222	\$96,881,570	\$99,279,913	\$100,247,421
Liabilities	44,799,943	23,588,114	24,996,737	24,783,459
Net Assets	\$81,097,279	\$73,293,456	\$74,283,176	\$75,463,962

16

MEMORANDUM

To: Board of Directors
From: Chris DeGabriele, General Manager *CD*
Subject: Board Review of District Policies
t:\hr\policies\bod policies\policy review 2013\bod memo 110113.doc

November 1, 2013

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None

Attached for your review are the following District Policies:

Policy Number 9 – Purchasing Policy

Policy Number 12 – Attorney's Attendance at Board Meetings

Proposed changes to these policies as recommended by staff are shown in highlight/strikeout format. Should the Board desire to amend these policies, staff will return the policy on a future agenda for Board consideration.

NORTH MARIN WATER DISTRICT

POLICY: PURCHASING POLICY
POLICY NUMBER: 9

Original: March 1975
Last Reviewed: October 7, 2008
Revision Adopted: October 7, 2008

Section I SCOPE AND PURPOSE

This policy establishes the procedures governing the acquisition of materials, services and equipment by North Marin Water District. The purpose of this policy is to establish efficient procedures for the purchase of supplies, materials or services for the District at the lowest reasonable cost commensurate with long term reliability and consistent interchangeability, within the limitations required, (i.e., time and/or price); to exercise positive financial control over purchases; to define authority for the purchasing function and to encourage full and open competition on purchases.

Section II PURCHASING AGENT AND PURCHASING ASSISTANTS

The Auditor-Controller shall act as Purchasing Agent for the District.

Each Department Head will designate at least one Purchasing Assistant for that Department. The Department Head will define areas of ~~purchase~~ purchasing authority for Purchasing Assistants and shall meet with the Purchasing Assistants at least once each year to review said areas of authority to avoid overlap or duplication. The duties of the Purchasing Assistants may be combined with those of any other position with the exception of the ~~accounts payable~~ Accounting ~~clerk~~ Clerk. Department employees not formally designated as Purchasing Assistants may act in that capacity for purchase of non-inventory or specialty items at the direction of the Department Head.

Subject to the direction, control and concurrence of the General Manager or his/her authorized representative, Purchasing Assistants shall have the authority to negotiate and recommend execution of purchase orders for supplies, materials or services required by the District, and to keep informed on price, market conditions and new products in the areas where they execute purchasing authority. With general guidance from the District's Auditor-Controller, Purchasing Assistants will maintain such forms, lists and records as are reasonably necessary to meet the purchasing requirements of the District. The Administration ~~Division~~ Department shall prepare purchase orders.

Section III STANDARDS COMMITTEE

The Standards Committee shall consist of all Department Heads. The duty of this committee is to evaluate quality and performance of construction supplies and materials and to make recommendations to the Purchasing Assistants, in writing, for acceptance or rejection of the proposed item. The committee shall meet whenever any member feels it is necessary for evaluation of new materials, devices and/or equipment, or to discuss problems regarding material and/or devices already in use. The Chief Engineer shall convene Standards Committee meetings at least twice each year.

Section IV PURCHASING PROCEDURES

- A. General - All requests for purchase of materials, supplies, equipment or services with a cost in excess of \$500 shall be submitted to the Administration Department on a Purchase Request Form. Before submittal, such form shall first be reviewed and approved by the appropriate Department Head. The process to be followed is shown on the attachment entitled Flow Chart of Purchasing Responsibility.
- B. Follow-up and Order Tracing - Once award is made or order is placed, the assigned Purchasing Assistant shall have the responsibility for contact between the District and the vendor for order follow-up or order tracing.
- C. Specifications - It will be the responsibility of the Chief Engineer, or his/her representative, to compile and write specifications for waterworks materials to be purchased by the District.
- D. Contract Purchases - It will be the responsibility of the Department Head, or his/her representative, to comply with the procedure for purchases over \$30,000 pursuant to paragraph H of this section.
- E. Vendor Lists - Each Purchasing Assistant shall maintain lists of vendors of materials, supplies, equipment and services which are commonly used and are within his/her assigned area of authority. The Administration Department will maintain a master list of vendors.
- F. Material List - ~~The Standards Committee and the Purchasing Assistants~~ shall maintain lists of approved materials and supplies and the specifications thereof. The Standards Committee shall evaluate the quality and performance of materials and supplies; the Purchasing Assistants shall evaluate price and availability.
- G. Specification and Brand or Trade Name - No invitation to bid shall specify a material or supply brand or trade name unless the specification lists at least two brands or trade names of comparable quality and utility and is followed by the words "or equal." Sole source procurement shall be authorized where it is necessary to provide for interchangeability of spare parts and/or compatibility with the existing installed equipment. Where only one brand or trade name is known, then it must be specified to define the minimum quality level. ~~If the Purchasing Assistant is aware of any equal product manufactured in California, such product shall be named in the specifications.~~ A specific brand may be purchased to test its suitability or if required to match others in use.
- H. Procedure for Purchases Over \$30,000 (Sealed Bids) - When the estimated expenditure for a purchase exceeds \$30,000 (\$40,000 for consumables – i.e., inventoried waterworks materials and water purification chemicals) including taxes, delivery and contractor set-up charges, the purchase will be contracted for and let to the lowest responsible bidder after notice inviting bids and the opening of sealed bids at a fixed time and place. The District may at its discretion reject any or all bids received. The District may re-advertise for bids. The bidding procedure need not be followed in any of the following circumstances:

- (1) If, after notice inviting bids, none are received,
- (2) If an item to be purchased is available from only one supplier,
- (3) If there is an emergency and the General Manager, or his/her designated representative, determines that the requirements of the District will not allow sufficient time to invite and open sealed bids. In such situations, the General Manager, or his/her designated representative, will follow procedures within the limitations of time as shall best achieve the intent of this regulation.

I. Procedure for Purchasing Under \$30,000 (\$40,000 for consumables)

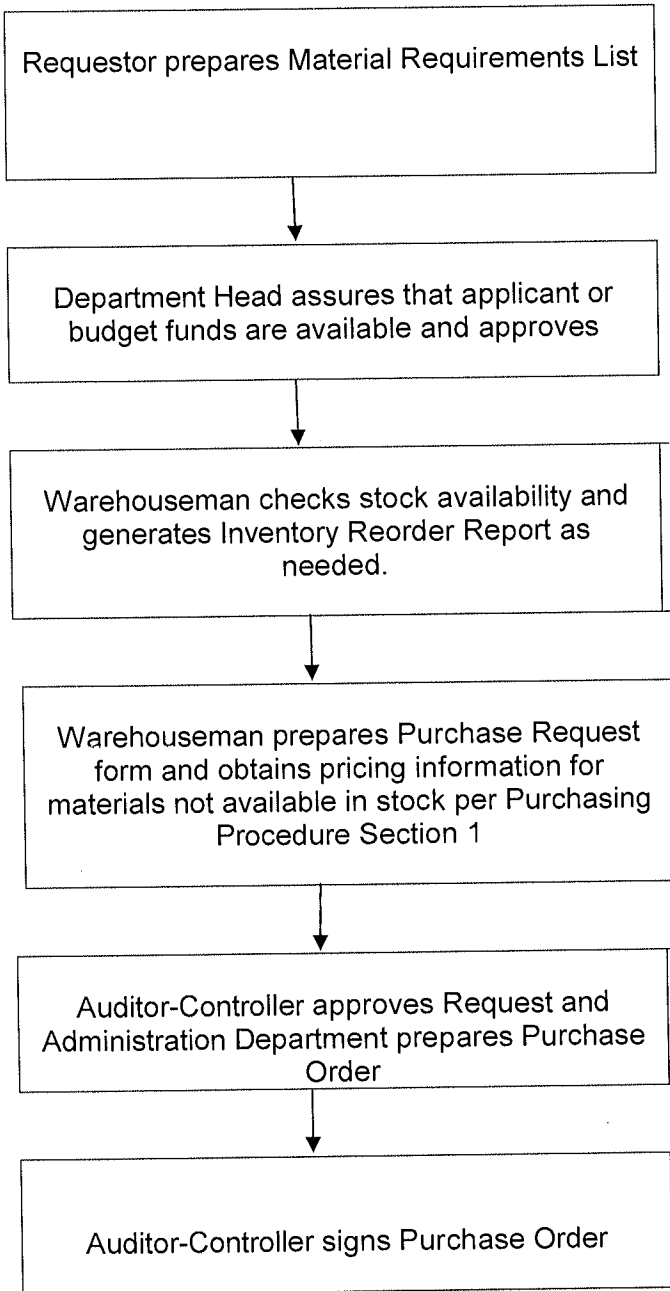
- (1) Purchases under \$500 - No competitive quotation is required; however, quotes shall be obtained on unfamiliar material to insure relative cost and availability. Purchasing Assistants shall notify their Department Head of all purchases under \$500 within 24-hours of said purchase.
- (2) Purchases \$500 - 30,000 (\$40,000 for consumables) - Three or more documented quotations may be obtained at the discretion of the Purchasing Agent.

J. Purchase Orders - Final Oversight - Purchase orders shall be reviewed and approved by the Auditor-Controller and the General Manager. If there is an emergency and the ~~Division Chief~~ Department Head, or his/her designated representative, determines that there is not enough time to fully comply with this policy, the Department Head, or his/her designated representative, will follow procedures within the limitations of time as shall best achieve the intent of this regulation. The Department Head shall provide a written report to the General Manager concerning the emergency purchase within two working days after said purchase.

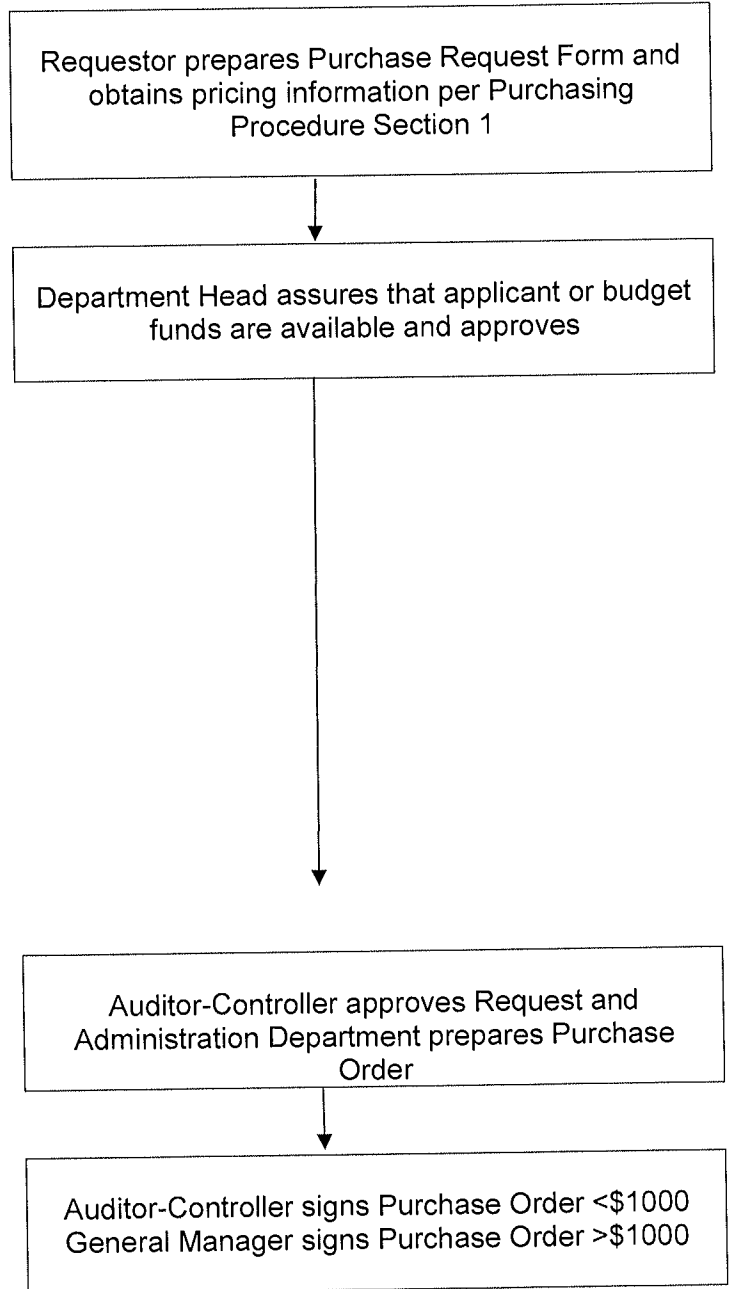
Flow Chart Of Purchasing Responsibility

Purchase of materials and equipment shall follow the general path as shown below:

Inventory (Stock) Items



Non-Inventory Items



NORTH MARIN WATER DISTRICT

POLICY: ATTORNEY'S ATTENDANCE AT ~~WEST MARIN~~BOARD MEETINGS

POLICY NUMBER: 12

Original Date: 11/19/74
Revision Adopted: June 6, 2006

District legal counsel will attend meetings of the District Board of Directors as deemed necessary by the General Manager or the Board.

Revisions: 11/74, 06/06, 11/13

17

**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 1, 2013

Time: 9:30 a.m. – 11:30 a.m.

Location: Novato Sanitary District
500 Davidson Street
Novato, CA 94945

AGENDA

Item

Recommendation

- | | |
|---|-------------|
| 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. Forecasting Precipitation with Climate Change (30 min.)
Guest Speaker: Carl Morrison, Morrison & Associates | Information |
| 7. Marin Carbon Project (45 min.)
Guest Speaker: Nancy Scolari, Marin RCD | Information |
| 8. Items of Interest | |
| 9. Items for Next Agenda | |

Next Meeting Information:

Next Meeting: December 6, 2013

Petaluma (Lucchesi) Community Center – Conference Room 2
320 N. McDowell Boulevard
Petaluma, CA 94954

NORTH BAY WATERSHED ASSOCIATION

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

Date: October 4, 2013
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>
Judy Arnold	County of Marin	Jack Gibson	Marin Municipal Water District
Wendy Atkins	City of Sonoma and Sonoma Valley County Sanitation District	Kathy Hartzell	Central Marin Sanitation Agency
Lena Cox	City of Petaluma	Juliana Inman	Napa County Flood Control and Water Conservation District
Mike DiGiorgio	Novato Sanitary District	Mark Luce	Napa Sanitation District
Rick Fraites	North Marin Water District	Brad Sherwood	Sonoma County and Sonoma County Water Agency

Directors present represented 12 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. and introductions followed.
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 6, 2013.** (See Handout) The Minutes of the Board Meeting held on September 6, 2013 were unanimously approved.
5. **Treasurer's Report.** (See Handout) The Treasurer's Report was accepted as presented by Harry Seraydarian.
6. **Winter Inundated Rice Fields as Surrogates to Natural Floodplain Habitat for Juvenile Salmon.** Carson Jeffries, U.C. Davis presented a PowerPoint beginning with a list of partners for this cooperative project with the UC Davis Center for Watershed Sciences. Carson highlighted the loss of floodplain habitat in California especially the 95% loss in the Central Valley and the impact on fall run Chinook Salmon. He also noted the 550,000 acres presently devoted to rice fields and that many of the fields are managed for migrating bird habitat in the winter. Carson also described how many floodplains are being restored (Cosumnes, Merced, Bear River, etc.) and many agricultural lands are now "managed floodplains". Carson mentioned the 4 F's-Flood Management, Farms, Feathers, and Fins. Carson then explained how fish have evolved to use floodplains and the importance of flood factors, such as timing, duration, and magnitude. Carson displayed a hydrograph of how different species (Chinook, Cottonwood, Willow, Mayfly emergence, Steelhead spawning, Splittail, and Frogs) need different timing requirements for flooding. Carson also displayed photos regarding flood duration, and emphasized that higher residence time leads to higher ecosystem productivity. He also presented the food web duration of Phytoplankton/Algae and Zooplankton/Invertebrates and fish benefit. Carson then presented the Knaggs Project 2012 – Pilot project to determine growth and survival of juvenile salmon within a rice field. Carson explained the results over 10 weeks – salmon averaging 0.69mm/day increase in fork length and 0.1g/day in weight, which are considered very high numbers. Carson also displayed photos of the Knaggs Project 2013 and set out the research questions regarding substrate, food web, survival, and substrate preference. He explained the physical aspects of the project, the different habitats (rice stubble, disced, and fallow) fish stocking, and the use of tags. Carson then interpreted the conclusions on habitat preference (not much-more related to flows); food web sampling and results and fish sampling. Carson noted that avian predation was probably high. Carson ended with a summary of topics that would be addressed in a 2014 study – depth and cover, volitional passage, and avian predation. The Board had a number of questions: How does the pilot correspond to agricultural uses? (We have agriculture cooperation – does not impinge on agricultural use.) Are there any benefits with Groundwater Recharge? (Looking into it.) Is there a fertilization effect from the fish? (Yes, but not significant given small biomass.) Is rice native to CA? (No.) What is the water source? (Colusa basin – not irrigation water – drains the western side of the valley.) Do you have to use irrigation water in dry years? (Yes.) How do you drain the fields? (Pull the boards slowly – fish flow out with the water riding the receding tide.) Do you have data of fish in natural settings and growth? (Don't grow as fast only .6mm a day.)

7. **BAIRWMP Update.** Harry Seraydarian presented a PowerPoint beginning with the major changes in the 2013 Plan Update: goals revised from six to five and objectives revised from 35 to five; projects were ranked and put into tiers; chapters on Land Use and Climate Change added; policies on Integration and Climate Change Adaptation included; example of a Salt and Nutrient Management Plan (Sonoma County); and an acknowledgement of sub-regions. The Final Plan was available for regional review on October 1 at <http://bairwmp.org/docs/2013-bairwm-plan-update/2013-final-plan/final-bairwmp-2013>. Harry anticipates that the Coordinating Committee will approve the Plan on October 28, 2013. Harry described the draft DWR Guidance used to review plan submissions that was released in September and noted that the Bay Area will send comments on the draft Review Process. Harry summarized the adoption process for the 2013 Plan and noted that entities receiving funding in Round 1 must adopt the plan by May 11, 2014. Harry then moved on to summarizing the recent announcement by DWR on the recommendations for Round 2 funding and highlighted the Bay Area approval for the \$20 million requested. Harry described the projects in the Round 2 Bay Area submittal and emphasized the North Bay projects. Harry reviewed the DWR scoring process and compared the Bay Area submittal to the averages for all submittals. He focused on the Workplan element and noted we could have done better but that having 19 projects was a challenge (only 4 of 34 submittals had 13 or more projects). Harry also examined Benefit/Cost Analysis and although the Bay Area performed better than average on this component two other submittals of 13 or more scored higher. Harry compared project ratios for the Bay Area to the North Coast submittals and concluded that having a single dominant project with a very high ratio benefitted the North Coast and was the basis for their higher score. Harry then reviewed the recently announced 1-E Final Awards and drew attention to the Bay Area and North Bay projects. Harry explained the proposed process for Round 3 funding estimated at \$73 million for the Bay Area. He first provided background on the approaches to Prop 50 and Rounds 1 and 2 of Prop 84. Harry then outlined the Round 3 Approach with its three Phases: Phase 1: Determine regional needs and priorities; Phase 2: Project selection; and Phase 3: Project application to DWR. Harry also set out the tentative schedule and milestones for each phase. He discussed the questions sent to the Functional Areas on Phase 1 which focused on Climate Change and priorities and then provided a chart summarizing the input. Harry concluded with a description of next steps for Round 3 and the specific steps for the North Bay, which will include scheduling an update for the Watershed Council on November 20 and a Joint Technical Committee Workshop in early 2014. The Board members had several questions: Is there a model resolution for Plan adoption? (Yes – will revise the template for 2006 plan.) What is the North Bay's share of Round 3's \$73 million? (~25% of funds.) How many regional projects have been funded in the Bay Area? (A lot of funding for regional water conservation in Round 1 and Round 2, regional recycling projects based on regional master plans, flood management does not have a regional concept except for "tools" so far, and there are some habitat projects based on regional assessments.

8. **Conference Update.** Harry Seraydarian presented a PowerPoint to inform the Board that the date for the conference has been set for April 11, 2014 and a contract has been signed with StoneTree Golf Club in Novato. The theme is "Water Resource Management: What, Where and How. Keynotes are Jared Huffman, Felicia Marcus-SWRCB, and Mark Cowin, DWR. Harry also presented the speakers and topics for 3 panels – Water Supply Innovations; Integrated Projects; and Funding. Harry indicated we will raise ticket prices for the first time in years to \$95 (\$85 early before January 31, 2014) and Watershed Council Members at \$50. He noted the target for sponsors is \$40k (So far sponsors are CMSA – \$2,500, Carl Morrison – \$500, SFEP – \$500 for a total of \$3,500).

9. **Request to Sponsor 2013 CARCD Annual Conference in Napa.** Harry Seraydarian presented a PowerPoint with the Napa RCD's request for sponsorship of the **CARCD 68th Annual Conference "The Great Balancing Act: Meeting Rural and Urban Resource Needs"** to be held Nov. 13-16, 2013 at the **Napa Valley Marriott Hotel & Spa**: http://carcd.org/annual_conference0.aspx. The Board unanimously approved the JTC's recommendation of a \$500 level sponsorship that includes one conference registration (\$390). Harry indicated the complementary registration would be available for a Board member or staff person.

10. **Items of Interest.**

- * Corte Madera Wetlands Reserve – A lot of erosion of outlying wetlands – request a presentation from USFWS.

11. **Items for Next Agenda.**

- * Forecasting Precipitation with Climate Change – Carl Morrison, consultant
- * Marin Carbon Project – Nancy Scolari, Marin RCD

Jack Gibson, Chair, adjourned the meeting at 11:25 a.m.

SUBJECT TO BOARD APPROVAL

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

NEXT MEETING INFORMATION:

November 1 – Novato Sanitary District, 500 Davidson Street, Novato, CA 94945

December 6 – Petaluma (Lucchesi) Community Ctr., 320 N. McDowell Blvd., Petaluma, CA 94954—Conference Room 2

18

FOR ACCESSIBLE
MEETING INFORMATION
CALL: (707) 543-3350
ADD: (707) 543-3031



**WATER ADVISORY COMMITTEE
AND
TECHNICAL ADVISORY COMMITTEE**

MONDAY, NOVEMBER 4, 2013

9:00AM

Utilities Field Operations Training Center
35 Stony Point Road, Santa Rosa, CA

This is a combined WAC and TAC meeting.

1. Check In
2. Public Comment
3. Recap from August 5, 2013 WAC/TAC Meeting and Approval of Minutes
4. Recap from October 7, 2013 TAC Meeting and Approval of Minutes
5. Water Supply Coordination Council
6. Water Supply Conditions and Temporary Urgency Change Petition
(including a report on Water Conservation)
7. 2013 EPA WaterSense Excellence Award **(Note: photo at end of meeting)**
8. Town of Windsor "PAYS" Program
9. FY 2012/13 SCWA Budget Year End Review
10. SCWA Partnership with Sonoma State University
11. Biological Opinion Status Update
12. Integrated Regional Water Management Plan(s) Update
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 5, 2013

Attendees: Susan Gorin, Board of Supervisors
David Guhin, City of Santa Rosa
Glen Wright, City of Santa Rosa
Linda Reed, City of Santa Rosa
Linda Hall, City of Santa Rosa
Elise Howard, City of Santa Rosa
Gail Chavez, City of Santa Rosa
Jake Mackenzie, City of Rohnert Park
Darrin Jenkins, City of Rohnert Park
Tony Gutsch, City of Rohnert Park
Kathy Miller, City of Petaluma
Dan St. John, City of Petaluma
Mark Landman, City of Cotati
Laurie Gallian, City of Sonoma
Dan Takasugi, City of Sonoma
Dennis Rodoni, North Marin Water District
Jack Baker, North Marin Water District
Drew McIntyre, North Marin Water District
Chris DeGabriele, North Marin Water District
Robin Goble, Town of Windsor
Richard Burt, Town of Windsor
Toni Bertolero, Town of Windsor
Mark Heneveld, Valley of the Moon Water District
Dan Muelrath, Valley of the Moon Water District
Jon Foreman, Valley of the Moon Water District
Krishna Kumar, Marin Municipal Water District
Mike Ban, Marin Municipal Water District
Grant Davis, SCWA
Pam Jeane, SCWA
Jay Jasperse, SCWA
Don Seymour, SCWA
Lynne Rosselli, SCWA
Brad Sherwood, SCWA
Ann DuBay, SCWA
Carrie Pollard, SCWA
Eric Keel, SCWA
Thomas Jensen, SCWA

Public Attendees: David Keller, FOER
Brenda Adelman, RRWPC
J. Dietrich Stroeh
Dawna Gallagher Stroeh
Tom Yarish, Friends of the Esteros
Jim Downey, Penngrove/Kenwood Water District
Bob Anderson, United Wine Growers

1. Check-in

Chair Jake Mackenzie called the meeting to order at 9:02a.m.

2. Public Comment

None

3. Recap from May 6, 2013 WAC/TAC Meeting and Approval of Minutes

Moved by Laurie Gallian, City of Sonoma, seconded by Robin Goble, Town of Windsor, to approve the minutes of the May 6, 2013 WAC/TAC meeting as presented; unanimously approved.

4. Recap from July 1, 2013 TAC Meeting and Approval of Minutes

Dan Muelrath asked that the typo leaving out the "W" in VOMWD in #5 of the TAC minutes be corrected. Moved by Dan Muelrath, Valley of the Moon Water District, seconded by Glen Wright, City of Santa Rosa, to approve the minutes of the July 1, 2013 TAC meeting as amended; unanimously approved.

5. Water Supply Coordination Council

There were no minutes available from the meeting which was held on Friday, August 2. Recap was presented by Chair Mackenzie. The council went over the agenda for today and the items that would be discussed.

6. Water Supply Conditions and Temporary Urgency Change Petition (including a report on Water Conservation)

Carrie Pollard, SCWA, made a PowerPoint presentation on water conservation outreach this year and results. She advised that a multi-media effort (print, web, social media, radio and movie theater advertisements) is promoting the annual Save Our Water Campaign and the 20-Gallon Challenge. Over 1000 people have signed up for the challenge. The County Fair has advertisements everywhere and there is a booth promoting the challenge and water conservation.

Gail Chavez, City of Santa Rosa, spoke on the programs promoting water conservation by the City of Santa Rosa through toilet replacements, residential rebates to replace grass with low water use landscape, use of gray water from clothes washers to irrigate property and rain water harvesting. The 20-Gallon Challenge is being promoted on the City of Santa Rosa's website. Questions and comments followed from the public and the WAC/TAC. Specific efforts are being made to include the cities to the north in the efforts to maintain the flow of water in the Russian River within the Biological Opinion guidelines. Water production this year is below that of last year during June and July. The Lake Mendocino storage level is above the critical storage curve.

7. Potential Projects for Further Evaluation

Chris DeGabriele updated the WAC on the potential projects which were reviewed by the WAC in February. The projects are in process of studies, preplanning and funding. The TAC provided a draft spreadsheet laying out future projects. All information is preliminary and assistance will be needed to identify the most cost effective projects to pursue. The WAC concurred to updating the spreadsheet annually, adding or removing projects to help move forward in planning. 2015 Urban Water Management Plan must be submitted by December 15, 2015. An extension will most likely be asked for to the end of June, 2016. In 2010 all contractors produced their own UWMP using the same consultant to coordinate the demand and water conservation data. Comments followed. Glen Wright asked for the SCWA to consider including costs for this effort in their next budget planning in December 2013, January 2014. Chris was directed to give updates as they are available.

8. SR Plain GW Study Workshop and Next Steps
Jay Jasperse, SCWA, gave the report on the GW study. The USGS presented the results on July 11 at the Finley Community Center. The second report is a computer model developed and going thru the final review process of the USGS. It will be able to predict changes to the year 2100 on the effect on groundwater. The ground water management program has had 30 stakeholders since December 2011 and hopes to have a plan prepared by winter or spring of 2014, modeled after a plan in the Sonoma Valley. A report was available for the WAC/TAC. Comments and questions followed from the WAC/TAC and the public.
9. SCWA Presentation re: Raising the Summer Dam in 2013 During the Salmonid Out Migration Period
Eric Keel, SCWA, made a PowerPoint presentation on the raising of the summer dam on the Russian River. Questions and comments followed the presentation.
10. SCWA Presentation re: Community Opinion Survey Results
Brad Sherwood, SCWA, made a PowerPoint presentation explaining opinion survey results and how the results initiate changes. Comments followed the presentation.
11. Biological Opinion Status Update
The Biological Opinion Status Update was emailed to the members. Grant Davis made brief comments on the update.
12. Integrated Regional Water Management Plan(s) Update
Jake Mackenzie advised that the North Coast panel met in Weaverville in July. No significant actions were taken at the meeting. There are no major action items for an October 2 meeting, but a meeting will be called if necessary.
13. Items for Next WAC/TAC Agenda
Documentation for water conservation results
Partnership between SSU, SCWA on Copeland Creek
14. Check Out
Thanks were expressed to SCWA for all their hard work by Chair Mackenzie.

Next TAC meeting is September 9, 2013.

Next WAC/TAC meeting is November 4, 2013

Chair Mackenzie adjourned the meeting at 10:55a.m.

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

October 7, 2013

Attendees: David Guhin, City of Santa Rosa
Glen Wright, City of Santa Rosa
Elise Howard, City of Santa Rosa
Danielle Dugre, City of Santa Rosa
Linda Hall, City of Santa Rosa
Dan St. John, City of Petaluma
Darrin Jenkins, City of Rohnert Park
Tony Gutsch, City of Rohnert Park
Damien O'Bid, City of Cotati
Dan Takasugi, City of Sonoma
Mike Ban, Marin Municipal Water District
Drew McIntyre, North Marin Water District
Chris DeGabriele, North Marin Water District
Toni Bertolero, Town of Windsor
Dan Muelrath, Valley of the Moon Water District
Michael Thompson, SCWA
Jay Jasperse, SCWA
Lynne Rosselli, SCWA
Ann DuBay, SCWA
Carrie Pollard, SCWA
Brad Sherwood, SCWA
David Manning, SCWA

Public Attendees: David Keller, FOER
J. Dietrich Stroeh
Dawna Gallagher Stroeh
Bob Anderson, United Wine Growers
John Rosenblum

1. Check-in

Chair Chris DeGabriele called the meeting to order at 9:05 a.m.

2. Public Comment

Carrie Pollard, SCWA, advised that the Sonoma Marin Water Saving Partnership was awarded the 2013 EPA Water Sense Excellence award for promoting water efficient irrigation practices through implementation of the Qualified Water Efficient Landscaper Program. This award is one of only five given nationwide.

3. Recap from September 9, 2013 TAC Meeting and Approval of Minutes

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

4. Water Supply Conditions and Summer Water Conservation

Jay Jasperse, SCWA, gave an update of inflows and outflows at Lake Mendocino. Even though total water storage at Lake Mendocino has dropped below 40,000 AF it is approximately 3000 acre feet above the critical storage curve. The flow at Hacienda is 100csf. A Water Supply Reliability Study for Lake Mendocino will be initiated over the next

couple of months. Long range weather forecasts are being closely monitored. November and December rains will help our dry condition. Daily water usage in the summer months was 50-60 million gallons a day and is now somewhat reduced. The 20-Gallon Challenge winners will be receiving their awards soon. The Temporary Urgency Change Order ends October 31.

5. Biological Opinion Status Update

The Biological Opinion Status Update emailed to the members was reviewed by David Manning, SCWA. Work continues on Dry Creek Habitat Enhancement with re-vegetation planting to be done soon so plants can get established in the winter months. Monitoring is being done to see how the fish are using the habitat. A "Doodle Poll" will be distributed to the WAC and TAC for tours of the restoration project.

6. Items for Next WAC/TAC Agenda for November 4

Windsor Pays Program

Preliminary report on the Temporary Urgency Change Order

Year End Budget review

Partnership between Sonoma State University and SCWA

Biological Opinion Status Update

7. Check Out

Next WAC/TAC meeting is November 4, 2013

Next TAC meeting is December 2, 2013

Meeting adjourned at 9:27am.

November 4, 2013
WAC Agenda Item #5

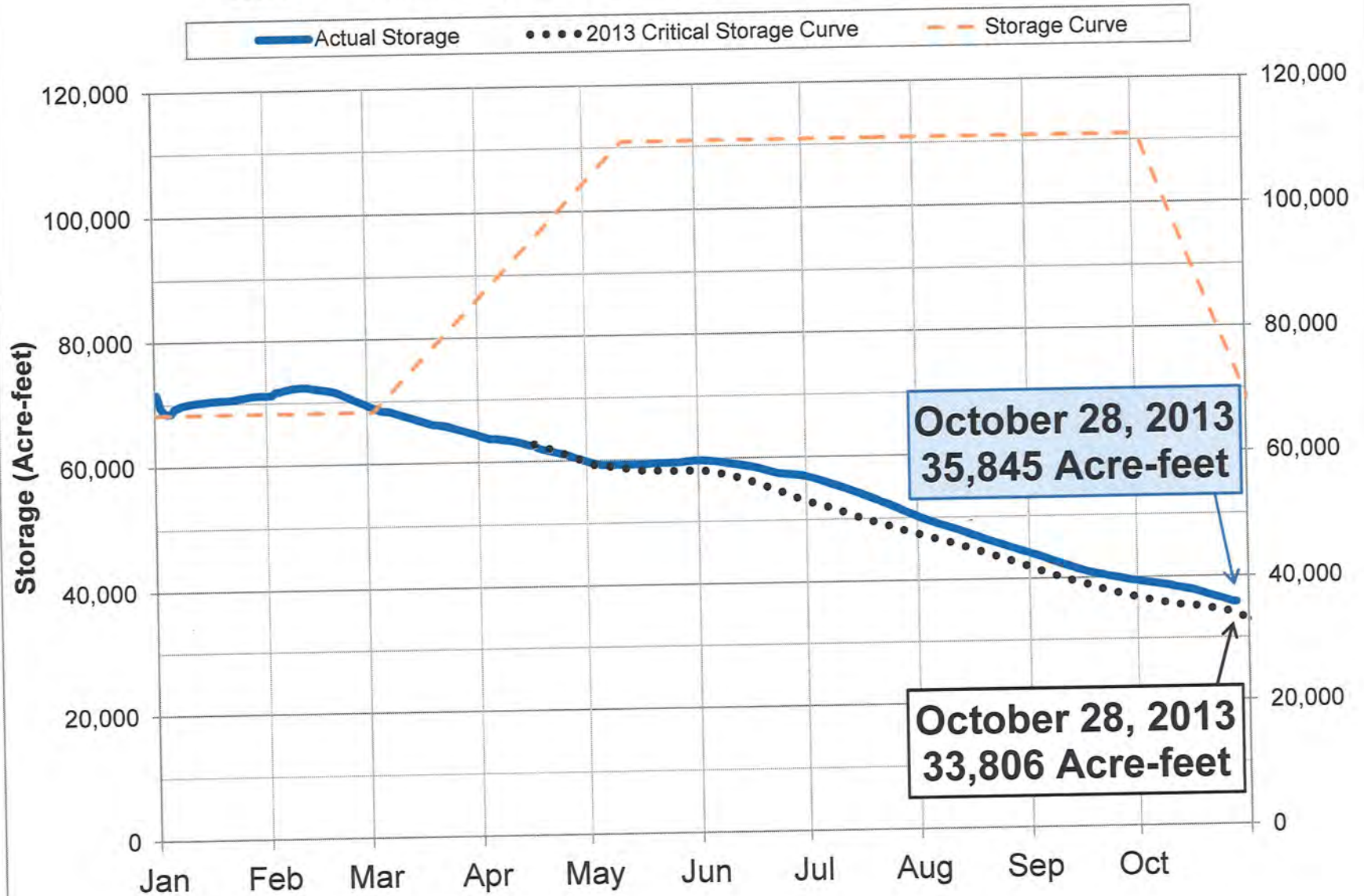
Summary
October 18, 2013
Water Supply Coordination Council Meeting

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: Susan Gorin, Jake Mackenzie, Dennis Rodoni, Grant Davis, Jay Jasperse, Glen Wright, Chris DeGabriele

1. Review Summary of Last Meeting (August 2, 2013 Summary)
A summary of the August 2, 2013 WSCC meeting was reviewed.
2. November 4th WAC/TAC Meeting
The agenda for the Water Advisory Committee and Technical Advisory Committee meeting scheduled for November 4, 2013 was reviewed.
3. Water Supply
 - A. Water Supply Conditions
Grant Davis discussed the current water supply status. He advised that Lake Mendocino actual storage is approximately 2,250 acre feet above the critical storage curve. The cooperative water conservation efforts of the Water Contractors working with SCWA this summer have been successful, as indicated by the cumulative SCWA water production and the total potable water production by the water contractors (including SCWA deliveries) which are both below last year's totals. The Temporary Urgency Change Order period ends on October 28th. The Water Agency plans discussions with National Marine Fishery Service in the next weeks to determine appropriate flows in Upper Russian River for returning Chinook salmon.
 - B. Temporary Urgency Change Order – Term 17 Activities
A Water Supply Reliability Evaluation and report analyzing the potential impacts to Lake Mendocino storage due to climate change, future potential land use practices, and forecasted water demands, is due to the State Board by December 31, 2014. Jay Jasperse advised that the Water Agency is now meeting with entities on the Upper Russian River. A status report is due to the State Water Resources Control Board on December 31st of this year regarding evaluation of the long term reliability of Lake Mendocino to meet water supply and environmental water demands for Russian River water users above the confluence with Dry Creek.
4. Schedule Next Meeting
The next meeting will be held in January at a date yet to be determined and prior to the February 3, 2014 WAC/TAC meeting.

Lake Mendocino 2013 Critical Storage Curve





Russian River Biological Opinion Update – November 2013

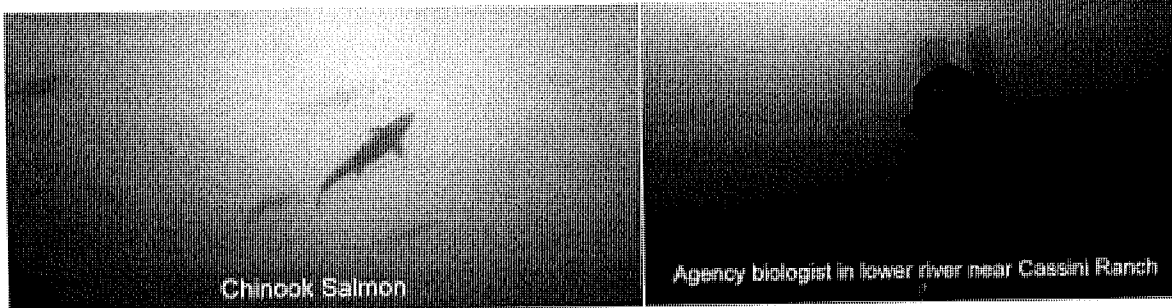
The Sonoma County Water Agency is continually planning and implementing the Russian River Biological Opinion requirements. The following project updates provide a brief synopsis of current work. For more detailed information about these activities, please visit www.sonomacountywater.org.

Dry Creek Habitat Enhancement and Demonstration Project

- Construction of the remainder of the one-mile demonstration project is underway. Hanford Applied Restoration & Conservation, out of Sonoma, is constructing the project. This summer's work is complete, and focuses on habitat downstream of Lambert Bridge. Features include bank stabilizations, a large backwater with constructed log jams, large wood habitat features, and boulder clusters in the creek channel.
- Construction is complete on the U.S. Army Corps of Engineers habitat enhancement project, on Corps property immediately below Warm Springs Dam. The Water Agency is partnering with the Corps on a grant application to provide signage and public access to the site.
- Site identification, outreach to landowners, preliminary environmental studies and topographic surveys are underway for the second and third miles of habitat enhancement. Two firms, Interfluve and ESA PWA, have been selected to design the second and third miles of habitat enhancement.
- The Water Agency, National Marine Fisheries Service, Department of Fish & Wildlife and the U.S. Army Corps of Engineers are working with consultants, ESSA, to develop clear success measures for habitat enhancement. The plan should be completed in 2013.

Fish Monitoring

Chinook are being monitored on their fall migration upstream. Water Agency staff is conducting dive surveys and assessing habitat conditions downstream of Mirabel, to determine the status of the migration. As of October 31, approximately 103 fish have been counted at Mirabel. On October 25, Water Agency staff met with the National Marine Fisheries Service and California Department of Fish and Wildlife to discuss the status of the migration and plans for reservoir releases this fall. The resource agencies concurred with fish passage flow recommendations developed by Water Agency biologists and engineers. All parties will convene to review the current status of reservoir storage and fish migration after 1,000 fish have been counted at Mirabel.



Tributary Habitat Enhancement Projects

Habitat monitoring was conducted in Grape Creek this fall.

Mirabel Screen and Fish Ladder Replacement

- The 90% design is ongoing; the Water Agency Board has adopted the Initial Study and Mitigated Negative Declaration; and major construction is estimated to begin in June 2014.

Russian River Estuary Management Project

- At its August meeting, the California Coastal Commission unanimously approved the Water Agency's applications to conduct lagoon management activities and physical studies of the jetty, as required by the Biological Opinion.
- The 2013 Lagoon Management Period began May 15 and ended on October 15. Biological monitoring is completed for the season, while water quality monitoring continues.
- The mouth of the river closed on September 24 - with water levels nearing 8 feet, the barrier beach was breached by Water Agency staff, opening the river mouth on October 15. This was the third closure since the Lagoon Management Period began on May 15. The first closure, in mid-May, lasted for nearly two weeks until the estuary breached on its own. The second closure lasted for nearly a month, with the river mouth closing on June 7 and breaching on its own on July 3. The river mouth closed on October 21 and is currently closed.
- A study of the jetty is underway. The purpose of the study is to determine if and how the jetty impacts the formation of the barrier beach and lagoon water surface elevation. While the historic assessment component of the study was completed at the end of 2012, field investigations were postponed until all permits were acquired.

Fish Flow Project

Work is occurring internally on the preparation of the draft Environmental Impact Report for the Fish Habitat Flows and Water Rights Project. The EIR is being prepared by Water Agency staff, with assistance from consultants on some areas of impact analysis. A draft EIR is anticipated to be released in 2014.

Interim Flow Changes

- The State Water Resources Control Board issued the 2013 Temporary Urgency Change order in late April and flows were reduced beginning on May 1. The minimum flow requirements in the upper river were based on the rapid decline in Lake Mendocino levels and differ from the minimum flows required in the Biological Opinion. Minimum flow requirements in the order were 75 cfs in the upper river and 85 cfs in the lower river. The order expired on October 28. When the order expired the minimum flow levels changed to 75 cfs in the upper river and 125 cfs in the lower river. As of October 28, storage in Lake Mendocino was approximately 35,800 acre-feet.
- More than 1,100 people have signed up for the 20 Gallon Challenge, a Sonoma Marin Saving Water Partnership paid media campaign to increase voluntary conservation. People who took the pledge are eligible to win one of five monthly prizes, including front-load washing machines, high-efficiency toilets, and landscaping or graywater system design. So far, winners have included residents of Santa Rosa, Forestville and Cotati.

Public Outreach, Reporting & Legislation

- Dry Creek site tours for WAC/TAC members are scheduled for Friday, November 15 and Friday, November 22.
- Water Agency staff met with Friends of Villa Grande board members to discuss the Russian River Estuary lagoon management plan.
- Language authorizing the Corps to conduct habitat enhancement in Dry Creek is contained in the Water Resources Development Act (WRDA) approved by the House in October. The Senate passed its version WRDA, also with language that supports the Dry Creek project, in June 2013.

19

DISBURSEMENTS - DATED OCTOBER 17, 2013

Date Prepared: 10/15/13

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>
1	Aberegg, Michael	Drafting Services: Atherton Tank As-Builts & Renovations (Bal Remaining on Contract \$20,503)	1,375.00
2	Athens Administrators	Replenish Workers' Comp Account	3,815.92
3	AT&T	Telephone Charges: Voice Lines	225.96
4	Bacons Auto Service	Smog Inspections (2) ('08 F250 & 02 Chevy K1500)	103.50
5	Bastogne	Refund Overpayment on Closed Account	100.00
6	Bay Area Air Quality Mgmt Dist	Annual Permit Renewal (To Operate Fuel Tanks)	268.00
7	Buck's Saw Service	Weed Wacker Parts	23.11
8	Bundesen, Gerald	Retiree Exp Reimb (Oct Health Ins)	282.55
9	Butti, Lou	Retiree Exp Reimb (Oct Health Ins)	282.55
10	Calif Public Health Services	D2 Certification Renewal Fee (4/14-5/15) (Goodpaster) (Budget \$80)	80.00
11	California State Disbursement	Wage Assignment Order	1,018.50
12	Caramagno, Linda	West Marin "Washer Rebate" Program	50.00
13	C. H. Robinson/Chicago Central	Trucking Cost to Deliver Sand to STP	1,414.00
14	Chiron, Harlan	Novato "Toilet Rebate" Program	300.00
15	Cordova, Albert E.	Legal Services: 42 Spinosa Way	70.00
16	CSW/Stuber-Stroeh Engineering	Engineering Services: Gallagher Bridge Pipeline (Balance Remaining on Contract \$27,789)	2,211.50
17	Cummings Trucking	Rock (64 yds)	2,298.13
18	Davis, Cindy	Novato "Washer Rebate" Program	50.00

Seq	Payable To	For	Amount
19	Diggs, James	Retiree Exp Reimb (Oct Health Ins)	884.31
20	Environmental Resource Assoc	Annual Lab Certification	1,285.62
21	Environmental Express	Filters for Testing Suspended & Dissolved Solids (2) (Lab)	68.75
22	Fallah, Khosrow	Novato "Washer Rebate" Program	50.00
23	Fisher Scientific	Pipet Tips (500)	80.51
24	Forman, Marjorie	Novato "Cash for Grass" Program	400.00
25	Gallotti, Denis	Novato "Toilet Rebate" Program	100.00
26	Golden Gate Petroleum	Gasoline (\$3.66/gal) & Diesel (\$3.96/gal)	4,416.11
27	Grainger	Light Ballast (\$67) (STP), Hard Hats (2) (\$40) & Screwdrivers (6)	137.78
28	Gremmels, Shirley	Novato "Cash for Grass" Program	75.00
29	Hansel Auto Group	Lock Cylinder ('05 Honda Civic)	62.66
30	Hertz Equipment Rental	Asphalt Roller Rental (9/4-9/18/13)	1,098.72
31	Jordan, Mary	Novato "Toilet Rebate" Program	100.00
32	Journey Ford/Lincoln	Brake Rotors (\$192) & Pads ('08 F350)	231.00
33	Kaiser Foundation Health Plan	DMV/DOT & Pre-Employment Physicals (Kane, Krupin)	340.00
34	Lincoln Life	Deferred Compensation PPE 10/15/13	14,372.06
35	Linscott Engineering	Refund Deposit on Hydrant Meter Less Final Bill	618.35
36	Louie, Calvin	Novato "Toilet Rebate" Program	300.00
37	Marin Landscape Materials	Sand (3 yds) (\$135) & Masonry Cement	151.57
38	Marin Reprographics	Bond Paper (36" x 150') (4) (Engineering)	82.63
39	Maselli & Sons	Plumbing Fittings	189.37
40	Matchette, Tim	Retiree Exp Reimb (Oct Health Ins)	282.55

Seq	Payable To	For	Amount
41	McAghon, Andrew	September Sludge Removal (10 yds)	2,800.00
42	Drew McIntyre	Exp Reimb: CA-NV AWWA Fall Conference. Parking (\$30), Mileage (\$256) & Food (\$26)	312.04
43	Micro Technology	Certification on Lab Exhaust/Fume Hood	270.63
44	Naiman, Viktor	Novato "Washer Rebate" Program	50.00
45	Nationwide Retirement Solution	Deferred Compensation PPE 10/15/13	1,025.00
46	Nicolini, Leslie	Novato "Toilet Rebate" Program	100.00
47	North Marin Auto Parts	Oil Filters (9) (\$46), Motor Oil (29 qts) (\$172), Air Filters (7) (\$111), Squeegee, Headlamps (2), Wiper Blades (6) (\$81), Light Bulbs (12), Light Plug, Stop & Tail Lights, Water Pump ('01 Dodge Ram), Transmission Filter & Grease Gun Couplers (2)	840.86
48	North Bay Gas	September Cylinder Rental	104.50
49	O'Donnell, James & Katherine	Novato "Washer Rebate" Program	50.00
50	On Line Resource	Refund Payment: Can't Locate Account	15.00
51	Pace Supply	2 1/2" Plug, Air Relief Valve (\$190), 6" "Water Line Buried Below" Tape (4), Meter Spuds (50) (\$574), Service Saddles (3) (\$122), Couplings (12), Nipples (6), Tees (4), Els (3) (\$223), Bushings (3) & Plugs	1,394.26
52	Peterson Trucks	Air Filter (\$68), Oil Filters (2) ('02 Intl Dump Truck), Headlight Switch, Headlamp Lenses (2) ('02 Intl Dump Truck) (\$460) & Headlight Switch Assembly (\$150)	734.76
53	NMWD Petty Cash	Petty Cash Reimbursement	85.16
54	PG&E	Power: Bldgs/Yard (\$4,077), Rectifier/Controls (\$475), Pumping (\$38,047), Treatment (\$119) & Other (\$108)	42,826.61
55	PVS Minibulk	Sodium Hypochlorite (873 gal) (STP)	1,342.07
56	Rainin Instrument	Pipets (4)	182.40

Seq	Payable To	For	Amount
57		Cafeteria Plan: Childcare Reimbursement	208.33
58	Ricoh USA	Scan & OCR Disbursement Vouchers FY07-FY08	3,998.90
59	Roberts, Renee	Retiree Exp Reimb (Oct Health Ins)	282.55
60		Cafeteria Plan: Uninsured Medical Reimbursement	464.09
61	Roman, Rick	Novato "Cash for Grass" Program	400.00
62	Rothenberger, Betty	Novato "Toilet Rebate" Program	200.00
63	Schoen, Jonathan	Novato "Washer Rebate" Program	50.00
64	Simontacchi, Kathy	Novato "Washer Rebate" Program	50.00
65	Soiland	Asphalt Recycling (5 tons)	20.00
66	Sonoma County	Landscape Pest Control Seminar in Santa Rosa on 11/19/13 (Cilia)	75.00
67	Strahm Communications	Postage for Fall 2013 Waterline	2,893.80
68	Syar Industries	Asphalt (7 tons)	637.91
69	United Parcel Service	Delivery Service: Sent Aqueduct Energy Efficiency Project Reaches A-D MSN B-3 Design Manual & Air Gas Monitors for Repair (2)	13.15
70	Univar	Ferric Chloride (17,146 lbs) (STP)	5,983.95
71	US Bank	September Safekeeping Fee-Treasury Securities	86.00
72	Verizon California	Telephone Charges: Leased Lines	88.00
73	White & Prescott	Engineering Services: AEEP Easement Support-Reach C/D (Balance Remaining on Contract \$8,325)	600.00

Seq	Payable To	For	Amount
74	Wildcat Engineering	Release of Final Retention-Recycled Water Onsite Retrofits	11,428.04
75	Workforce Boots & Clothing	Safety Boots (Latanyszyn)	151.54
		TOTAL DISBURSEMENTS	<u>\$119,060.26</u>

The foregoing payroll and accounts payable vouchers totaling \$119,060.26 are hereby approved and authorized for payment.

 10/14/13
 Auditor-Controller Date

 10/14/2013
 General Manager Date

DISBURSEMENTS - DATED OCTOBER 24, 2013

Date Prepared: 10/22/13

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

Seq	Payable To	For	Amount
P/R*	Employees	Net Payroll PPE 10/15/13	\$113,603.94
EFT*	US Bank	Federal & FICA Taxes PPE 10/15/13	47,878.42
EFT*	State of California	State Taxes & SDI PPE 10/15/13	8,286.77
1	Agile Business & Technology	Program Modification-Add Vendor Acknowledgement to PO Form	243.75
2	AirGas	Test Gas for Air Monitoring System	127.39
3	Allied Heating & Air Conditioning	Repair Clogged HVAC Drain Pipe (\$195) & Quarterly HVAC Service (\$370) (9/1/13-11/30/13)	564.67
4	Alpha Analytical Labs	Lab Testing (Novato Area)	144.00
5	Arata, Diane	Novato "Toilet Rebate" Program	100.00
6	AT&T	Telephone Charges: Leased Lines	63.30
7	AWWA CA-NV SEC	AWWA Fall Conference 9/30-10/3/13 in Sacramento (Chandrasekera) (\$225) & Fee to Obtain Contact Hours for 1-day Conference (Kurfurst)	245.00
8	Bank of Marin	Bank of Marin Loan Principal & Interest (Pymt 24 of 240)	46,066.67
9	Bastogne	Return Checkfree Payment	5.00
10	Bay Area Barricade Service	Signs "Violators will be Prosecuted for Failure to Obey a Posted Sign" (3)	179.86
11	Chang, Leon	Novato "Washer Rebate" Program	50.00
12	Cole-Parmer Instrument	Cuvettes (2) (STP)	331.36
13	Cook, David & Kaydo	Refund Overpayment on Closed Account	248.51
14	Evantec	Cellulose Membrane Filter (Lab)	319.43
15	Farwest Corrosion Control	Liquid Epoxy Kits (4)	141.05

Seq	Payable To	For	Amount
16	Fisher Scientific	Pipet Tips (1,000) (Lab)	38.21
17	Arthur J. Gallagher	Property Insurance on 15 Gustafson Ct Property	82.00
18	Governor's Office of Emergency Services	Refund of 2006 Spring Storm Disaster Assistance Overpayment	556.00
19	Grainger	Light Ballasts (6) (STP) & Flood Light for Water Conservation Banner (\$408)	412.37
20	Hach	Reagents (1,303) (\$456) & Chemicals (\$482) (STP)	483.02
21	Hanford ARC	Refund Security Deposit on Hydrant Meter Less Final Bill	715.58
22	Hertz Equipment Rental	Excavator Rental (9/3-9/26/13)	2,501.55
23	Hutchens, Alison	Novato "Washer Rebate" Program	50.00
24	InfoSend	Sept Processing Fee for Water Bills (\$1,595) & Postage (\$4,087)	5,683.23
24	International Dioxide	Chlorine Dioxide Filter (2) (STP)	641.09
25		Cafeteria Plan: Uninsured Medical Reimbursement	80.00
26		Cafeteria Plan: Uninsured Medical Reimbursement	54.35
27	Keyes, Peter & Pamela	Novato "Toilet Rebate" Program	200.00
28	McDonald Construction	Refund of Deposit-New Development Water Conservation Restriction	1,000.00
29	MegaPath	DSL Internet Service (9/12-11/11/13)	285.76
30	Microtech Scientific	Lauryl Sulfate Broth (\$161) & Tryptic Soy Broth (Lab)	223.96
31		Vision Reimbursement	270.00
32	Moorea Investments	Trailer Vacuum Rental (Used to Remove GAC @ STP)	500.00
33	North Marin Water District	Employee Association Dues 8/31-10/15/13	900.00
34	Oropallo, Deborah	Novato "Washer Rebate" Program	50.00

Seq	Payable To	For	Amount
35	Pace Supply	2" Copper Pipe (180') (\$2,874), Couplings (24), Elbows (30) & Adaptors (12)	2,892.54
36	Pacific Surfacing	Refund Security Deposit on Hyd Meter less Final Bill	787.67
37	PERS Retirement System	Pension Contribution PPE 10/15/13	49,325.32
38	Peterson Trucks	Ignition Key	15.87
39	Phillips & Associates	October O&M of O.M. Wastewater Treatment System	5,311.43
40	Protection Engineering	Coal Tar Tape (6" x 50') (16) (\$529) & Primer (4 qts)	615.81
41	Randall, Amanda	Novato "Toilet Rebate" Program	100.00
42	Roblin, Sabrina	Novato "Toilet Rebate" Program	300.00
43	Rogers Machinery	Replacement Air Compressor (\$3,295), Oil & Filter	3,529.40
44	Rosenbloom, Allen	Novato "Toilet Rebate" Program	100.00
45	Sequoia Safety Supply	Safety Glasses, Rainjacket (\$48) & Safety Vests (2) (\$47)	97.54
46	Soiland	Asphalt Recycling (37 tons)	120.00
47	Sonoma County	Pest Control Seminar on 11/19/13 in Santa Rosa (Stafford)	75.00
48	Staples	Toner (Billing Dept)	75.53
49	Staples Advantage	Copy Paper (130 reams) (\$467) & Replacement Laser Jet Printer (Bentley)	630.92
50	Stompe, Brad	Exp Reimb: Lunch for 5 Employees on Field Trip (Placer County Water TP)	48.12
51	Szarvas-Kidd, Karin	Refund Overpayment on Closed Account	181.18
52	Tenez	W2 & 1099 Forms (150)	57.16
53	Township Building Services	September Janitorial Services	1,754.84
54	Towns, Patricia	Novato "Toilet Rebate" Program	100.00
55	Underground Solutions	Bendable Composite PVC Pipe (150)	572.26

Seq	Payable To	For	Amount
56	Verizon California	Telephone Charges: Leased Lines	289.43
57	Wiley Price & Radulovich	Employee Discipline Matter	57.00
58	Wong, Morris	Novato "Toilet Rebate" Program	269.98
59	Yee, Chris	Novato "Toilet Rebate" Program	200.00
60		Vision Reimbursement	113.00
		TOTAL DISBURSEMENTS	<u>\$300,946.24</u>

The foregoing payroll and accounts payable vouchers totaling \$300,946.24 are hereby approved and authorized for payment.



Auditor-Controller

Date 10/21/13



General Manager

Date 10/21/2013

DISBURSEMENTS - DATED OCTOBER 31, 2013

Date Prepared: 10/29/13

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	AirGas	Oxygen for Maintenance on Air Monitoring System	\$343.89
2	American Family Life Ins	Oct Employee Contribution for Accident, Disability & Cancer	4,000.20
3	Anand, Rajiv	Replacement Check-Lost in Mail	50.00
4	Argonaut Constructors	Refund Security Deposit on Hydrant Meter Less Final Bill	947.21
5	Athens Administrators	October Worker's Comp Insurance	1,000.00
6	AT&T	Telephone Charges: Voice Lines	152.05
7	Bacons Auto Service	Smog Inspections (2)	103.50
8	Bastogne	Refund Payment on Closed Account	200.00
9	Bay Area Traffic Solutions	Traffic Control for Delong Looping Project (9/4-9/17/13)	18,200.00
10	Browne, Laura	Novato "Washer Rebate" Program	50.00
11	Calif Public Health Services	Water Treatment Certification Renewal (T4) (Stafford) (Budget \$140) (5/14-4/15)	140.00
12	California Dept of Transportation	July-August 2013 AEEP Betterments (Progress Payment #3)	64,587.09
13	California Native Plant	Plant Sale Coupon Redemption Reimbursement (Water Conservation)	56.00
14	California State Disbursement	Wage Assignment Order	1,018.50
15		Vision & Cafeteria Plan: Uninsured Medical Reimbursement	278.00

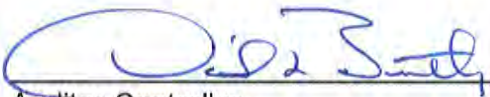
Seq	Payable To	For	Amount
16	Core Utilities	Consulting Services: September IT Support (\$5,000), RTU Work @ San Marin P/S (\$550), STP Automated Timesheet Processing (\$725), Lockbox & US Bank Payment Gateway (\$700) & Complete Active Directory Preparation for Upgrade of Exchange 2010 (\$1,200) (Balance Remaining on Contract \$7,450)	8,175.00
17	Covello Group	Provide New NMWD Front End Specifications (To be used for AEEP/Caltrans MSN B3 Project)	6,357.50
18	Crespo, Richard	Novato "Cash for Grass" Program	300.00
19	F.N. Cuthbert	Liquid Filled Pressure Gauges (40)	538.82
20	Dumont, Jean	Novato "Toilet Rebate" Program	100.00
21	Environmental Resource Assoc	Annual Lab Certification	1,126.68
22	Fisher Scientific	Glass Vials (10) (\$162) & pH Buffers (4) (Lab)	281.31
23	GHD	Engineering Services: Aqueduct Relocation (Balance Remaining on Contract \$71,479)	6,621.00
24	Golden Gate Petroleum	Gasoline (\$3.51/gal) & Diesel (\$3.81/gal)	4,522.69
25	Grainger	Battery Charger (\$315) (Auto Shop), "Danger" Signs (2) & Catch Basin Insert (\$80)	420.85
26	Hardy Diagnostics	Bacteria Growth Media (Lab)	247.53
27	Harris and Associates	Pipeline Inspection & Testing Services for MSN B-1 Reach E Project (Bal Remaining on Contract \$126,018)	32,908.20
28		Vision Reimbursement	222.54
29	Idexx Laboratories	Bacteriological Test Media (Lab)	1,366.32
30		Vision Reimbursement & Cafeteria Plan: Uninsured Medical Reimbursement	154.75
31	Kehoe, Theresa	Exp Reimb: Decorations for Retirement Party (Moore)	32.71
32	Kehoe, Chris	Exp Reimb: Class A DMV Physical	125.00

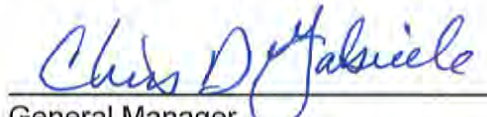
Seq	Payable To	For	Amount
33	KP Promotions	Uniform Order: Shirts (7) (\$212) , Sweatshirts (2) (\$54) & Baseball Caps (12) (\$180) (Lab, Construction & Field Service Representatives)	447.04
34	Landeros, Dianne	Exp Reimb: Wiley Forum Regarding Interactive Process. Mileage (\$40), Parking (\$7) & Toll (\$5)	51.30
35	Lincoln Life	Deferred Compensation PPE 10/31/13	14,372.06
36	Marinscope	Display Ad: Public Hearing Regarding Board of Directors Compensation Procedure	200.00
37	Marin County Recorder	June-September Copy of Official Records (7)	70.00
38	Marin County	Small Claims Filing Fee & Certified Mail Fee (Venegas Accident Claim)	65.00
39	Marin Municipal Water District	Sponsorship of the NBWA 2014 Conference	1,500.00
40	McLellan, WK	Misc Paving (1,003 S.F.)	7,704.63
41	Meadows, Georgia	Novato "Toilet Rebate" Program	100.00
42	MSC Industrial Supply	Incline Check Valve (STP)	194.49
43	Nationwide Retirement Solution	Deferred Compensation PPE 10/31/13	1,025.00
44	Neopost USA	Quarterly Postal Meter Rental (11/13-1/14)	223.18
45	Novato, City of	File Cabinet (Used) for Accounting Office	40.00
46	Novato Disposal Service	September Trash Removal	413.20
47	Novato Lock	Rekey Locks (15 Gustafson Ct.)	216.65
48	O'Toole, Brigid & Michael	Novato "Cash for Grass" Program	137.50
49	Pace Supply	8" PVC Clamp (\$228), 1" Air Release Valve (\$401), Flange Coupler Adaptor (\$285), Elbows (16) (\$290), Couplings (31) (\$1,550) & Nipples (21) (\$1,174)	3,929.04
50	Pape Machinery	Air Filters (4) (\$123), Oil Filters (3) (\$124) & Filter Element	275.93
51	Pedersen, Leona	Novato "Washer Rebate" Program	50.00

Seq	Payable To	For	Amount
52	CalPERS Health Benefits	Health Insurance Premium (Employees \$48,499, Retirees \$9,948 & Employee Contribution \$10,298)	68,744.51
53	Peterson, Sandra	Novato "Toilet Rebate" Program	100.00
54	Point Reyes Light	Display Ad: Salinity Intrusion into the Pt. Reyes Well Supply	46.00
55	Point Reyes Prop Mgmt Assn	October HOA Dues (25 Giacomini Rd)	75.05
56		Childcare Reimbursement	208.33
57	Robertson, R Q	Replacement Check "Lost in Mail"	50.00
58	Schweninger, Erik	Novato "Washer Rebate" Program	50.00
59	Siemens Water Technologies	Annual Deionization Rental (Lab)	300.82
60	Sierra Chemical	Chlorine (2 tons) (STP)	1,013.32
61	Smith, Garrett	Novato "Toilet Rebate" Program	200.00
62	Soiland	Asphalt Recycling (6 tons)	20.00
63	Sonoma County Water Agency	September Contract Water	608,754.44
64	SPG Solar	Energy Delivered Under Solar Services Agreement (9/1-9/30/13)	11,424.34
65	Sproete, Vincent	Refund Excess Advance for Construction Over Actual Job Cost - 181 Stasia Ct Install 1" Meter for Fire Sprinkler	218.88
66	Syar Industries	Asphalt (6 tons)	675.22
67	Tevini, Geri	Novato "Toilet Rebate" Program	300.00
68	United Parcel Service	Delivery Service: Sent Plans/Specs for Review-Gallagher Well Pipeline & AEEP Reaches A-D/MSNB3 Contract Documents for Review	33.20
69	Univar	Ferric Chloride (16,920 lbs) (STP)	5,905.25
70	USC Foundation	Annual Membership - Foundation for Cross-Connection Control (1/14-12/14) (Budget \$0)	500.00
71	Verizon California	Telephone Charges: Leased Lines	315.55

Seq	Payable To	For	Amount
72	Verizon Wireless	Sept CIMIS Station Data Transfer Fee	28.73
73	Village Marin Meadows	Novato "Water Smart Landscape Efficiency" Program (Commercial)	1,000.00
74	VWR International	Certified 100 mg Weight (Lab)	121.10
75	Weber, Jason & Brianna	Refund Overpayment on Closed Account	432.42
76	Windsor Fuel	Refund Security Deposit on Hydrant Meter Less Final Bill	1,002.62
77	Wine Country Water Works Association	Registration for Training & Lunch Event on 9/6/13 in Nice, CA (Moore, Arendell, Rupp, Latanyzsyn & K. Lemos)	125.00
78	Worthington, Bruce	Novato "Toilet Rebate" Program	400.00
		TOTAL DISBURSEMENTS	<u>887,687.14</u>

The foregoing payroll and accounts payable vouchers totaling \$887,687.14 are hereby approved and authorized for payment.


10/29/13
 Auditor-Controller Date


10/29/2013
 General Manager Date

MEMORANDUM

To: Board of Directors

November 1, 2013

From: Nancy Williamson, Senior Accountant *NW*

Subj: Information – FY14 1st Quarter Labor Cost Report
t:\acl\word\memo\14\1stqtr labor cost rpt.doc

RECOMMENDED ACTION: Information Only

FINANCIAL IMPACT: None

Attached in graphical format is a five-year comparative summary of total labor cost (Attachment A), overtime cost (Attachment B) and temporary employee cost (Attachment C) expended during each fiscal year. Also attached is a summary of total labor cost vs. budget (Attachment D), which shows that labor cost was 4.8% under budget through the 1st quarter of the year. Total labor cost increased \$57,269 (3.5%) from the prior year, same period.

Department	Increase / (Decrease) in Labor Cost vs prior FY	% Change
Administration	(\$20,083)	(4.3%)
Engineering	\$1,936	0.6%
Operations/Maint	\$21,409	3.6%
Construction/Maint	\$54,007	19.4%
Net Increase/(Decrease)	\$57,269	3.5%

Comment on Change from Prior Year

Administration: Labor Cost decreased \$20,083, or 4.3%. The decrease is primarily due to the retirement of Renee Roberts on December 28, 2012 and that position being combined with the Administrative Assistant position, as well as the elimination of an Accounting/Credit Clerk position with Mary Ann Dowden’s November 30, 2012 retirement. This decrease was offset by a 2.5% COLA effective 10/1/12, one step-increase, and an increase in the use of temporary labor and overtime to cover for Darrell Bynum’s 3-month absence.

Engineering: Labor Cost increased \$1,936, or 0.6%. The increase is primarily due to a 2.5% COLA effective 10/1/12, offset by a reduction in the use of temporary water conservation labor.

Operations/Maintenance: Labor Cost increased \$21,409, or 3.6%. The increase is primarily due to four step-increases, the aforesaid 2.5% COLA, and an increase in both temporary labor and overtime.

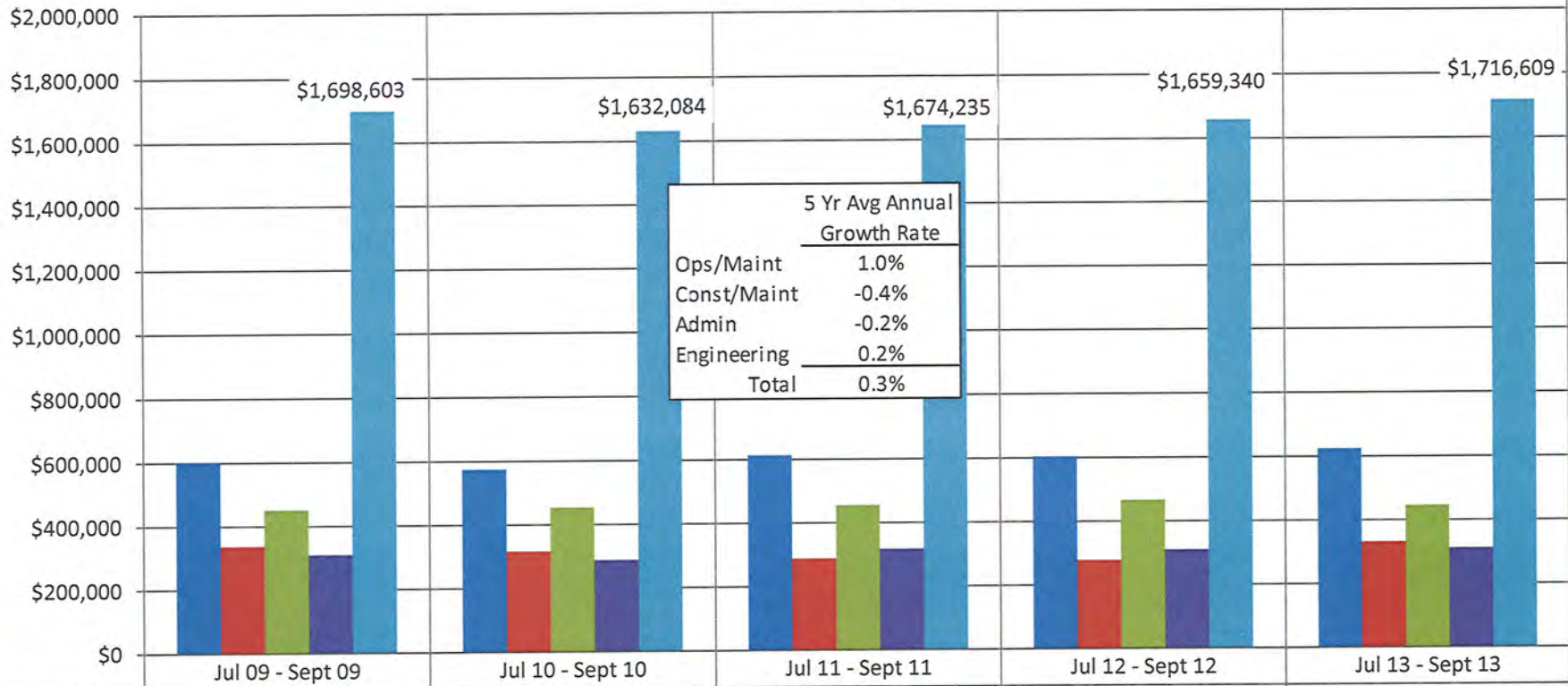
Construction/Maintenance: Labor Cost increased \$54,007, or 19.4%. The increase is due to six step-increases, the 2.5% COLA, and by an increase of 643 hours worked (via employment of two seasonal temps as well as a 320 hour reduction in leave time taken compared to the prior year same period).

NMWD Fiscal Year through September

t:\finance\hrs\ptfy141stqtr labor cost report\all hrs \$ chart.xls

11/1/13

Total Labor Cost 5 Year Comparison



	Jul 09 - Sept 09	Jul 10 - Sept 10	Jul 11 - Sept 11	Jul 12 - Sept 12	Jul 13 - Sept 13
Ops/Maint	\$600,808	\$574,540	\$613,351	\$604,137	\$625,546
Const/Maint	\$337,754	\$316,531	\$287,757	\$278,145	\$332,152
Admin	\$450,690	\$453,129	\$454,959	\$466,639	\$446,556
Eng	\$309,352	\$287,885	\$318,168	\$310,419	\$312,355
Total	\$1,698,603	\$1,632,084	\$1,674,235	\$1,659,340	\$1,716,609

■ Ops/Maint ■ Const/Maint ■ Admin ■ Eng ■ Total

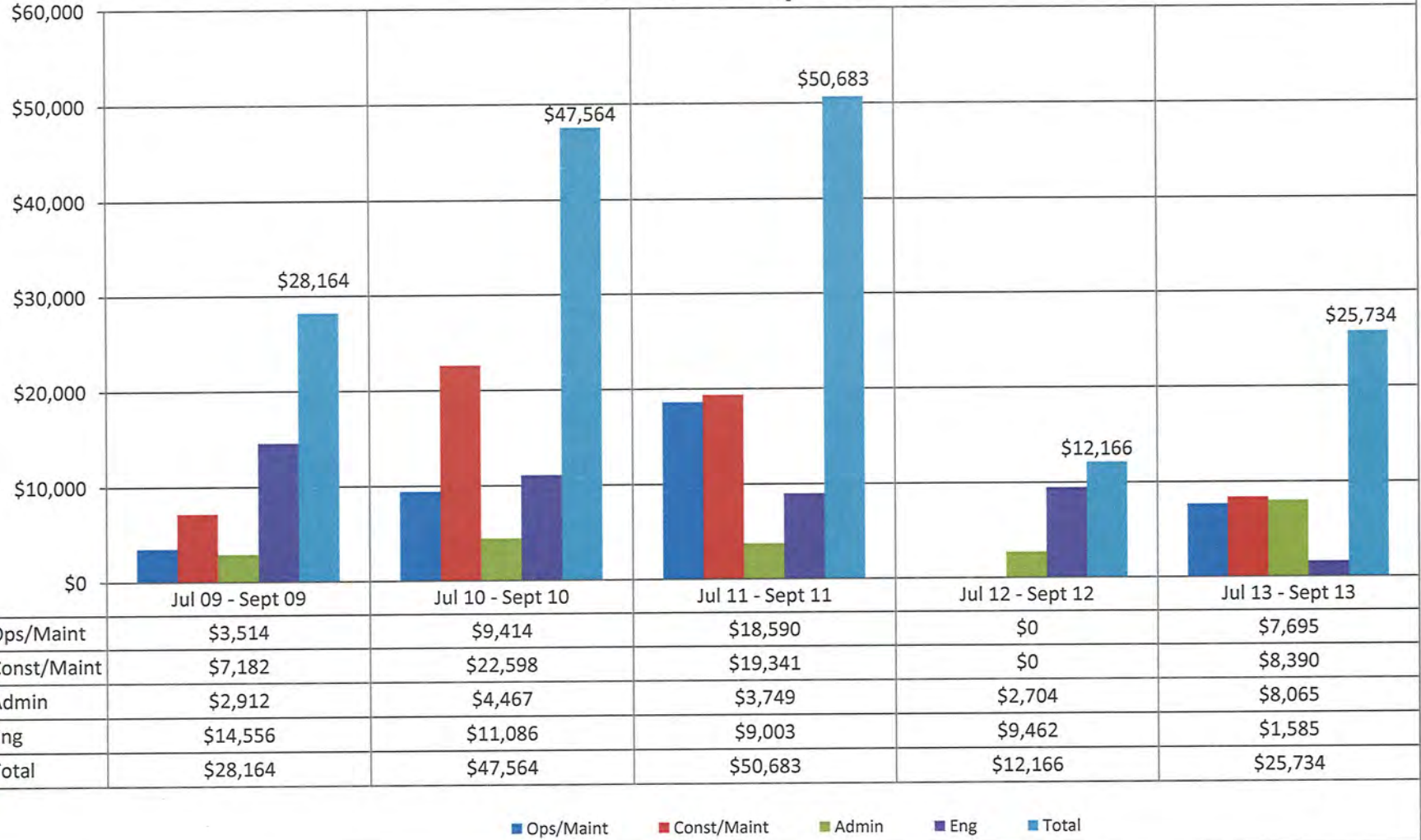
NMWD Fiscal Year through September Overtime Cost 5 Year Comparison



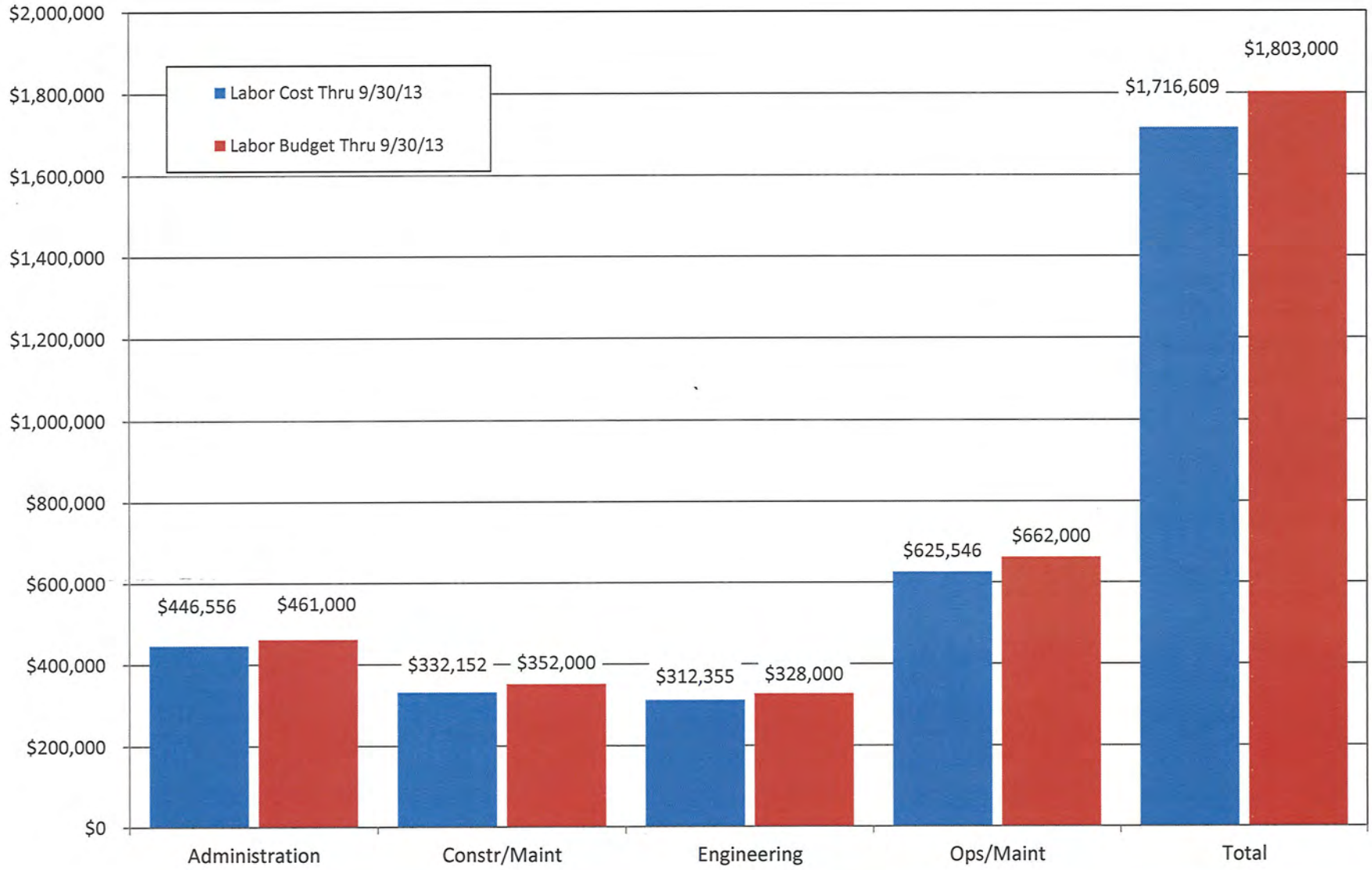
	Jul 09 - Sept 09	Jul 10 - Sept 10	Jul 11 - Sept 11	Jul 12 - Sept 12	Jul 13 - Sept 13
Ops/Maint	\$33,858	\$16,957	\$30,620	\$23,396	\$33,957
Const/Maint	\$16,312	\$18,276	\$18,612	\$20,406	\$15,821
Admin	\$3,369	\$1,385	\$4,909	\$4,653	\$6,665
Eng	\$0	\$0	\$0	\$0	\$0
Total	\$53,539	\$36,618	\$54,141	\$48,454	\$56,443

■ Ops/Maint
 ■ Const/Maint
 ■ Admin
 ■ Eng
 ■ Total

NMWD Fiscal Year through September Temporary Employee Cost 5 Year Comparison



NMWD Fiscal Year through September Total Labor Cost vs. Budget 7/1/13 - 9/30/13



BOD M/SZ

Chris DeGabriele

From: Brad Sherwood [Brad.Sherwood@scwa.ca.gov]
Sent: Thursday, October 24, 2013 8:19 AM
To: Undisclosed recipients
Subject: Sonoma County Water Agency press release: U.S. House of Representatives Approves Water Resources Bill That Directly Impacts Russian River Water Supply System



Sonoma County Water Agency Press Release

For Immediate Release
October 24, 2013

CONTACT:
Brad Sherwood
707.322.8192 (Cell)
sherwood@scwa.ca.gov

U.S. House of Representatives Approves Water Resources Bill That Directly Impacts Russian River Water Supply System

*Representatives Thompson and Huffman Help Pass H.R. 3080,
Water Resources Reform and Development Act 2013*

(Santa Rosa, CA) The U.S House of Representatives yesterday approved H.R. 3080, the Water Resources Reform and Development Act of 2013 (WRRDA), a water resources reform bill that among other things provides to the U.S. Army Corps of Engineers authorization to implement work required under the Russian River Biological Opinion.

Specifically, the bill allows the U.S. Army Corps of Engineers to continue working with the Sonoma County Water Agency to enhance six miles of endangered coho salmon habitat along Dry Creek, located between Warm Springs Dam and the Russian River near Healdsburg. The work is required under the Russian River Biological Opinion issued by the National Marine Fisheries Service in 2008 to protect coho salmon, Chinook salmon and steelhead trout; all listed as endangered or threatened under the Federal Endangered Species Act. The bill will now be conferenced with a Senate version of the legislation, S. 601, which was passed in May and contains similar language.

“With the passage of this provision, we are helping restore habitat for endangered species and protecting our local tax dollars,” said Congressman Mike Thompson. “By making sure the Army Corps can continue working

with the Sonoma County Water Agency, we can speed up the habitat restoration work along the Russian River, protect endangered coho salmon, Chinook salmon and steelhead trout, and make sure Sonoma County isn't left on the hook for building an unnecessary \$300 million pipeline.”

“Despite my concerns with the environmental provisions in the overall bill, I am very pleased that the bill allows Sonoma’s important work with the Corps on the Russian River to move forward,” Congressman Jared Huffman said. “This is a win for river restoration and will help protect a cost-effective water supply for Sonoma County.”

Water Agency Chairman David Rabbitt said, “The Water Agency and its partners, including the U.S. Army Corps of Engineers, are currently proceeding with the implementation of the requirements set forth by the Russian River Biological Opinion. The Corps felt, however, that a portion of that work - including the Dry Creek habitat enhancement work, required additional authorization, particularly if the Corps participates in the work and its funding. WRRDA provides that authorization and sets the stage for completion of the work with the goal of protecting endangered fisheries for generations to come.”

Water Agency Director Efren Carrillo said, “The passage of WRRDA and the inclusion of language that directly impacts our local fisheries habitat is an excellent step forward in restoring these salmon runs. The Water Agency is thankful to Congressmen Thompson and Huffman for their hard work to ensure our endangered fisheries species were not forgotten and that the hard work to protect and enhance their habitat will continue. Their efforts complement the leadership of Senators Boxer and Feinstein, who ensured that this important language was included in the Senate version of the bill earlier this year. This is a true testament of how various levels of our government and our community can work together to achieve a positive outcome.”

WRRDA authorizes programs and projects for the U.S. Army Corps of Engineers in furtherance of its missions, including the development, maintenance, and support of the Nation’s vital port and waterways infrastructure needs, and support for effective and targeted flood protection and environmental restoration needs. While Congress traditionally expresses the objective of passing such legislation every two years establishing and modifying programs of the Corps, and authorizing projects, no bill has been signed into law since 2007.

###

The Sonoma County Water Agency is working to secure our future by investing in our water resources, community and environment. The Water Agency provides water supply, flood protection and sanitation services for portions of Sonoma and Marin counties.

Visit us on the Web at www.sonomacountywater.org.

Thank you,
Brad Sherwood
Principal Program Specialist
Community & Governmental Affairs
Sonoma County Water Agency
Phone: 707.547.1927
Mobile: 707-322-8192
Fax: 707.528.2080

Chris DeGabriele

From: Brad Sherwood [Brad.Sherwood@scwa.ca.gov]
Sent: Thursday, October 24, 2013 9:39 AM
To: Undisclosed recipients
Subject: WRRDA section

Dear WAC and TAC Members:

Below is the specific language in the Water Resources Reform and Development Act 2013 that was referenced in our press release. I am sure we will discuss this in more detail at the next WAC/TAC meeting.

Section 112 (as reported to the House)

CLARIFICATION OF PREVIOUSLY AUTHORIZED WORK.

(a) In General- The Secretary may carry out measures to improve fish species habitat within the boundaries and downstream of a water resources project constructed by the Secretary that includes a fish hatchery if the Secretary--

(1) has been explicitly authorized to compensate for fish losses associated with the project; and

(2) determines that the measures are--

(A) feasible;

(B) consistent with authorized project purposes and the fish hatchery; and

(C) in the public interest.

Thank you,
Brad Sherwood
Principal Program Specialist
Community & Governmental Affairs
Sonoma County Water Agency
Phone: 707.547.1927
Mobile: 707-322-8192
Fax: 707.528.2080
404 Aviation Blvd.
Santa Rosa, CA 95403

Working to secure our future by investing in our water resources, environment and community



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[Home](#) > [News](#) > [Water News](#) > Printer-friendly

House Passes WRRDA Bill

Submitted by Josh Abel on Thu, 10/24/2013 - 8:45am

in [Federal Relations](#) [1] [Federal Affairs Committee](#) [2] [Water News](#) [3]

 [corps-begins-repairs-riverdale-levee.jpg](#) [4]

Late Wednesday, the House overwhelmingly passed H.R. 3080, The Water Resources Reform and Development Act, by a bipartisan vote of 417 to 3. The Senate passed its own version of the bill in May.

The House bill contains funding for \$8.2 billion to build or repair dams, locks and levees and to maintain or deepen harbors, canals, and river channels through the end of 2023. At the same time, the bill would deauthorize \$12 billion worth of projects that have either not received funding or on which construction has not yet begun. The bill would also speed up the environmental review process for new water projects and give final project approval to Congress.

In the run up to the bill's passage, the House's bipartisan comity was on full display. Speaking on the Floor of the House prior to the vote, Rep. Grace Napolitano (D-CA) said: "I thank the Chairmen and Ranking Members of both sides, especially the Chairmen and Ranking Members' supporting provisions requested that will help the state of California." Republican Rep. Jeff Denham (R-CA) was equally effusive saying: "This bipartisan legislation will streamline the Corps of Engineers study process and expedite permit processing, saving taxpayers time and money."

A conference committee will now be established to iron out the differences between the House and Senate bills. The Obama Administration has indicated that it will support the bill.

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Source URL: <http://www.acwa.com/news/federal-relations/house-passes-wrrda-bill>

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[3] <http://www.acwa.com/category/news-type/water-news>

[4] http://www.acwa.com/sites/default/files/news_icons/federal-relations/2013/10/corps-begins-repairs-riverdale-levee.jpg

Another Voice - Water in the Ukiah Valley - A Community Conversation

By Richard Shoemaker Ukiah Daily Journal

Updated:

UkiahDailyJournal.com

Water issues in California are never simple. When you add 40 elected officials, five or six delivery systems, water rights, state regulations, and the potential growth in an area the size of the Ukiah Valley, these issues become very complex indeed.

On Oct. 23 at 5:30 p.m., a Water Forum will be hosted by Mendocino County LAFCo at the Alex Rorabaugh Center. The purpose of the Forum is to give the public and local district officials an evening to openly discuss the challenges we face in finding the most efficient and cost effective ways to distribute and govern our water resources in the Ukiah Valley.

Why LAFCo and Why Now?

Let's start with "why now?" In 1990, a "Valley Wide Task Force" comprised of representatives from 18 local governments in our area published a report that was the result of an in depth investigation of how to make local government more efficient and responsive to its citizens. One of the recommendations was to unify all the area water districts into one agency that could stand toe-to-toe with Sonoma County Water Agency and also hold its own with the state of California.

Finally, in 2013 we are seeing signs that this consolidation may be starting. Discussion of shared services, district annexations and consolidations are happening throughout our area. The time is ripe for public discussion.

What is LAFCo?

The Local Agency Formation Commission of Mendocino County' (LAFCo) is a local agency created by state law. It is a 10-member board comprised of local elected officials and public members. They are three county supervisors, three city representatives from throughout the county and three special district representatives elected by the 47-plus special districts in Mendocino County.

LAFCo is the agency that is responsible for reviewing cities, counties and special districts to ensure that public resources are being administered in an effective, open and reasonable manner today and into the future. This may be an over-simplification but such coordination is a basic state mandate. To get a more detailed explanation of LAFCo responsibilities in California go to www.calafco.org/ or <http://www.mendolafco.org/>

LAFCo is an appropriate agency to host an open community discussion because it has nothing to gain or lose in whatever comes out of the forum. The community will gain by having a chance to voice their opinion and hear about possible changes in the valley.

Did Someone Mention Money?

LAFCo is funded by all local governments and special districts by a formula based generally on their total revenues. In 2007-2008, the amount billed to all agencies for LAFCo under Frank McMichael's administration was \$195,550, nearly all of it went to LAFCo administration costs and a preliminary municipal service review for the Ukiah Valley water agencies. All districts throughout the County paid for that. My point is that LAFCo has always paid for all of its activities with funds from all agencies, small, large, coastal or inland. I might add that this year's LAFCo cost to all agencies has been reduced to \$145,000, a reduction of 25 percent.

LAFCo is a Planning Agency

In 2007, the LAFCo Executive Officer's Interim report, "Ukiah Valley Russian River Watershed Municipal Service Review" was published. On the cover was the following quote:

"Water is critical to a sustainable economy and sustainable environment. Water does not magically appear from the tap. To have sufficient water for fish, fowl, and folks requires community agreement, good planning and the willingness to commit the necessary financial resources to the plan. Anything else is an illusion."

Throughout the voluminous report there are numerous references about the importance of LAFCo being sure to plan for the efficient and cost effective service delivery to residents. LAFCo may not approve zoning and development projects but it does serve a very key role in assessing the readiness of our water and sewer and fire districts to serve their existing customers and determining if they will be able to serve new customers outside their current boundaries.

Concerns about the Brown Act

You would think we are planning an overthrow of the government with all the handwringing about Brown Act violations that might come out of a room full of public members and their elected officials. Mind you, there is a possibility that a quorum of a board might huddle in the corner and talk, but if everyone who attends this event is mindful of not creating such a problem, compliance with open meeting laws should be readily accomplished

In Conclusion

I write this column in response to an op-ed published in last week's paper. The letter was a message that Frank McMichael sent from his Ukiah Valley Sanitation District email to most board members throughout the Valley (Brown Act serial meeting?). The letter talks about his political candidacy for an elected office (improper use of agency resources to campaign). To top it off, he insinuates that the motive for this Water Forum is a personal political ploy and a misuse of LAFCo funds (it's not). He went even further and encouraged the board he works for and other boards in the Valley to boycott what will most certainly be a very educational and interesting public forum.

On the contrary, I would encourage all board members and interested members of the public to attend and participate in the Oct. 23 Water Forum. It will be held at 5:30 p.m. at the Alex Rorabaugh Center at 1640 South State Street in Ukiah.

Richard Shoemaker is a Ukiah resident and a candidate for reelection to the Russian River Flood Control and Water Improvement District.

The Press Democrat

Dry Creek Pomo seek hotel for Petaluma land

By CLARK MASON THE PRESS DEMOCRAT on October 20, 2013, 3:30 PM

The Dry Creek Rancheria Band of Pomo is adding a 60-room hotel to its plan for land south of Petaluma as the tribe's leader continues to insist there are no plans for a casino.

Chairman Harvey Hopkins said the hotel would accommodate spectators and players for the half-dozen sports fields that are planned along with the tribal housing, restaurant, gas station, medical clinic and fire station.

In a lengthy interview, Hopkins said the tribe's existing River Rock Casino near Geyserville continues to be the priority, especially ensuring its viability with the competition it will get from Graton Rancheria's huge casino opening next month at Rohnert Park.

"We have a casino that we need to further develop and it's definitely number one on our radar. There is no projection at this time to build another casino in Petaluma — only to develop River Rock," he said.

But Dry Creek's proposal to place into federal trust the 277 acres it owns off Kastania Road has made Petaluma and Sonoma County officials uneasy that the tribe might one day build a casino there as a way to leapfrog closer to the lucrative Bay Area market.

That would put a potential casino closer to the main population centers than the massive, 3,000-slot gambling palace opening Nov. 5.

Graton Rancheria Chairman Greg Sarris is among those skeptical of Dry Creek's motives. Previously he accused the Pomo band of being "totally out of their territory," essentially interlopers on aboriginal Coast Miwok lands.

"I am against tribes taking land into trust in another tribe's territory for any reason," he said in a statement Thursday. "There is no reason Dry Creek Rancheria or any other tribe needs to put the land into trust if they are going to have a baseball field or whatever else they plan, besides a casino.

"They can build a baseball field, a gas station, or houses like any other citizen on that land without putting it into trust," Sarris said.

But Hopkins said it is easier and less expensive to fulfill his tribe's development plans for the Petaluma property if it is made Indian land, not subject to county zoning and land use regulations, which designate most of it for agriculture.

"It's dealing with the county and the costs," he said. "I can't imagine what the fees would be for 40 houses."

Hopkins acknowledges that the Rohnert Park casino likely will significantly reduce River Rock revenues. The hillside casino has enjoyed a monopoly on Indian gaming in Sonoma County for 11 years.

"It could be a 25 or 30 percent loss of revenue," he said.

While River Rock recently launched a counter-offensive of sorts, advertising looser slots and no ATM fees at its casino, Hopkins noted “it’s hard to market a casino when another is coming on that’s so grand.”

Hopkins is hoping River Rock will rebound after the novelty of the Rohnert Park casino wears off.

Yet the prime location of the Dry Creek’s Petaluma land off Highway 101 and the fact the tribe in 2005 applied to have it taken into trust for gaming purposes — before “suspending” the application — fuels the belief that it still wants a casino there.

Since then the tribe has notified the Bureau of Indian Affairs of its intent to pursue a non-gaming project, according to Hopkins.

BIA officials did not return calls from The Press Democrat.

The Petaluma City Council in August drafted a letter to Congressional representatives asking them to oppose the trust application, saying “we are mindful that tribal promises not to pursue gaming are not enforceable.”

The letter cited the Graton Rancheria Chairman Sarris’ comment to Congress in 1999 that his tribe had no interest in operating a casino, but “that casino is now under construction 10 miles to the north of us.”

Petaluma Councilman Mike Healy said once the new Highway 101 interchange south of town is completed, vehicles “will have fabulous access” to the Kastania property for a potential casino there.

He said he was alarmed about the large “future development” site that was depicted on Dry Creek’s recent drawings for its project south of Petaluma.

Healy said there were other “oddities,” including a proposed fire station that doesn’t seem to make sense in light of the existing San Antonio fire station about a quarter-mile from the property.

Hopkins last week emphasized that the tribe still plans to build a permanent casino and hotel at River Rock, a project that was shelved when the economy soured.

He gave a number of reasons the tribe has no interest in a casino south of Petaluma: it would be too expensive, financing would be “quite difficult” and it likely would take at least 8 to 10 years to get approval from federal and state officials.

“I’m not planning something secret. If I wanted to do a casino down there I would say ‘build a casino.’ It’s not in the cards,” he asserted.

Instead, he said, the tribe’s priority is to build housing there for its members. There also would be a potentially highly lucrative wetlands project to sell credits to developers and offset the loss of habitat for their projects.

The sports fields, he said, would be for baseball, softball, soccer and perhaps lacrosse.

Hopkins said he took the hotel out of the early plans because he heard complaints that it would hurt the local lodging industry. But when people saw it as a blank area for future development, he said they “were up in arms about a casino.”

So, to “put them at ease,” he said, he put the hotel back in.

The tribe wants to obtain water and sewer service from Petaluma for its project, “if not we will provide our own wells and wastewater treatment plant,” Hopkins said.

Getting utilities from Petaluma will be tricky since it most likely would require voter approval to extend sewer and water beyond the city’s urban growth boundary.

Hopkins said the tribe has been willing to stipulate to no casino in exchange for utility service.

Under the agreement Dry Creek signed with Sonoma County in 2008, it agreed not to pursue a casino on its Petaluma property until at least 2016.

And in the agreement, he noted that the tribe agreed never to conduct gambling on the Petaluma property if sewer and water utilities become available by 2016.

(Contact Staff Writer Clark Mason at 521-5214 or clark.mason@pressdemocrat.com.)

Young, endangered coho salmon seen in Walker Creek for the first time in five years

Posted:

marinij.com

Federally endangered juvenile coho salmon have appeared in Walker Creek in West Marin for the first time in five years, and their return could have been aided by human hands.

The Marin Municipal Water District reports counting 137 juvenile coho salmon this month in the Walker Creek watershed. This is the first time juveniles have been seen since 2008 in Walker Creek, a tributary to Tomales Bay.

"Ranchers in the area report there were no coho at all in the late 1980s and early 1990s," said Greg Andrew, the water district's fisheries biologist. "It's exciting to see this many."

The endangered coho salmon were said to be in an "extinction vortex" after their numbers dipped to all-time lows three years ago. But counts have been on the rise since then.

The fish seen in Walker Creek may be the result of a stocking program initiated by the California Department of Fish and Wildlife and efforts to improve water quality.

Beginning in winter 2003 the agency began a program of releasing coho into Walker Creek to try to reestablish a viable population of the fish in the watershed. For three years small numbers of adult coho were released and since then coho juveniles have been put into the creek.

The fish recently counted in the creek were hatched from the eggs laid during last winter's adult spawning season, according to the water district. But the parents of the coho might have been from the groups of coho previously released into Walker Creek or nearby Salmon Creek, according to Manfred Kittle, coho recovery coordinator for the state. It's also possible they are wild coho.

Water district surveyors collected pieces of the fin tissue, which will undergo genetic analysis at the National Marine Fisheries Service's genetics lab in Santa Cruz to help determine their origins.

The coho were seen in 20 pools in the Walker Creek watershed near Marshall-Petaluma Road. In addition coho were found in Frink Canyon, a tributary to Walker Creek, and Salmon Creek. Walker Creek flows for 18 miles before draining into Tomales Bay and then the Pacific Ocean.

It's the fall and winter rains that help facilitate the return of the coho from the sea to their spawning grounds. The coho complete a three-year life cycle that sees them born, travel to the open sea, then almost miraculously return to spawn and die.

"The ranchers have been working diligently for some time to get coho back and improve water quality," said Nancy Scolari, executive director of the Marin Resources Conservation District.

The district has poured \$1 million into restoration efforts, including working with ranchers to put up fencing to keep manure out of creeks.

"We are pretty excited about this," Scolari said.

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Marin's Stafford Lake bike park fund tops \$290,000 with Mill Valley firm's donation

Posted:

marinij.com

Fundraising to create an elaborate county bike park at Stafford Lake in Novato topped \$290,000 this week as the county accepted a \$25,000 donation from a mountain biking company that helped launch the sport. County officials accepted a \$25,000 check from Patrick Seidler, CEO of Wilderness Trail Bikes of Mill Valley, a firm that supplied parts to Marin mountain bike pioneers decades ago.

Seidler, a former county trails committee panelist who advocates off-road cycling, took time in an appearance before the Board of Supervisors to praise the Stafford Lake plan as a "great model" — as well as boost single-track riding, saying Big Rock Trail indicates shared use of narrow trails is possible.

In return for the contribution, a perimeter trail at the park will be named after the firm, the business will be listed as a sponsor on the park website, and it may use the park logo in advertising, among other benefits.

Wilderness Trail Bikes joins others, including the Violich Family Foundation, which donated \$50,000, and Mike's Bikes, which also provided a \$50,000 donation, in exchange for benefits in accord with a policy covering sponsorship of public facilities.

The bike fund, which has topped a third of the amount needed, includes a \$50,000 challenge grant from county supervisors. The county also provided \$182,000 for design and construction drawing work by consultants Hilride Progression Development Group.

The master plan calls for a sophisticated network of trails, configurations, challenges, riding zones and stations that can accommodate cyclists of all skill levels.

The facility is planned on a 17-acre northwestern segment of 139-acre Stafford Lake Park. It will include a learn-to-ride area; "pump" tracks for beginning, intermediate and expert riders; table-top jumps and hip jumps; elevated ladder bridges; a dual slalom track; skill stations and practice areas; a perimeter trail and shaded viewing areas.

A learn-to-ride area would be near the entrance to the park, followed by beginner and intermediate zones. An advanced zone would provide riders with technically demanding riding features including an advanced track with pumps, rollers and berm turns; advanced dirt jumps, and wood ramp takeoffs with dirt landings linked to curved wall rides.

Those interested in becoming a donor may call county principal parks planner Stephen Petterle at 473-6394.

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Groundwater Replenishment System Named 'Project of the Century'

Orange County Water District's Groundwater Replenishment System (GWRS) was awarded the Major Civil Engineering Project Centenary Award from the International Federation of Consulting Engineers during the federation's Centenary Conference in Barcelona, Spain, on Sept. 16.

The Groundwater Replenishment System was honored alongside world-renowned projects such as the Hoover Dam Bypass, the Channel Tunnel and the Sydney Harbour Bridge for having made significant contributions to the civil engineering industry during the past 100 years. More than 150 projects were nominated for the recognition.

The Groundwater Replenishment System takes treated wastewater that otherwise would be sent to the Pacific Ocean and purifies it using a three-step advanced process. It's the world's largest water purification system for indirect potable reuse, producing 70 million gallons of high-purity water every day. According to Orange County Water District, the water is injected into a seawater barrier and pumped to recharge basins where it naturally percolates into the groundwater basin.

To date, the system has purified more than 120 billion gallons of water. Construction is expected to be finished in 2015 on work that will expand the plant's maximum capacity to 100 million gallons daily. The system is jointly operated with Orange County Sanitation District.

"We are truly honored to be recognized among such remarkable civil engineering projects," stated Shawn Dewane, president of OCWD. "The GWRS made history by bringing together many diverse stakeholders to implement a creative and innovative solution to sustain water supplies in Orange County, and as a result has set the standard for advanced water recycling and created a path for similar projects to break ground in the United States and around the globe." ■■■



Director Denis Bilodeau (center-right) accepted the Major Civil Engineering Project Centenary Award on behalf of Orange County Water District at the FIDIC Centenary Conference in Barcelona, Spain, on September 16.

Sonoma Marin Partnership Wins EPA WaterSense Excellence Award

The Sonoma Marin Saving Water Partnership was recognized Oct. 3 with a 2013 WaterSense Excellence Award from the U.S. Environmental Protection Agency for the partnership's innovative regional approach to water use efficiency programs and reduction in per capita water use.

The partnership represents 10 water utilities in Sonoma and Marin counties, including the cities of Santa Rosa, Rohnert Park, Petaluma, Sonoma, Cotati; North Marin, Valley of the Moon and Marin Municipal Water District; Town of Windsor and Sonoma County Water Agency.

"The partnership is a unique agreement among stakeholders who want a secure and affordable water supply," stated David Rabbitt, chairman of the Board of the

Sonoma County Water Agency and the Sonoma County Board of Supervisors. "The partnership, through its many water efficiency programs, educational seminars and outreach campaigns, provides information to our communities about the importance of conserving water and curbing water-wasting behaviors."

The partnership's regionwide programs and outreach efforts include high-efficiency clothes washer rebates, Qualified Water Efficient Landscaper training and a Green Business Program. The collaboration's 20 Gallon Challenge also urges citizens to take an online pledge saying they will save 20 gallons per day.

"Despite a hot summer, water use in the Sonoma-Marin region dropped this year in response to a call for water-

use efficiency, indicating that the partnership's financial incentives for ratepayers and education-based outreach have been successful," stated Jake Mackenzie, Rohnert Park Councilman and chairman of the Water Advisory Committee.

For more information about the partnership, please visit www.savingwaterpartnership.org or contact Carrie Pollard at Carrie.Pollard@scwa.ca.gov. ■■■



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