Date Posted: 4/27/2018

NORTH MARIN WATER DISTRICT

NORTH MARIN WATER DISTRICT
AGENDA
REGULAR MEETING
May 7, 2019 – 6:00 p.m.
District Headquarters
999 Rush Creek Place
Novato, California

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

Est. Time	Item	Subject
6:00 p.m.		***CALL TO ORDER***
	1.	***APPROVE MINUTES FROM SPECIAL MEETING***, April 23, 2019
	2.	***PUBLIC HEARING NO. 1 – CALIFORNIA VOTING RIGHTS ACT (CVRA) AND ELECTIONS CODE (EC) 10010:***
		Public Hearing: Receive Presentation on the Transition Process from an At-Large to a Division-Based Election System and Receive Input from the Community Regarding Boundaries and Composition of Divisions to be Established for Division-Based Elections Pursuant to Elections Code Section 10010
	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.	***QUARTERLY FINANCIAL STATEMENT*** – March 31, 2019
	6.	***STAFF/DIRECTORS REPORTS***

CONSENT CALENDAR

The General Manager has reviewed the following items. To his knowledge, there is no opposition to the action. The items can be acted on in one consolidated motion as recommended or may be removed from the Consent Calendar and separately considered at the request of any person.

	Consent - Approve Water Agreement	***Type***	***DU***	***EU***	
7.	McPhail's Phase 1 Water Facilities – 5400 Hanna Ranch Road – APN: 153-220-16 & 19	CM	0	3	**Resolution**

8. ***Consent -Approve:*** iPad Pricing and Specifications

9. ***Consent – Approve:*** Rate Increase Letter to West Marin Water and Oceana Marin Sewer Customers

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
		ACTION CALENDAR
	10.	***Approve:*** Enterprise Fleet Management Program for Fleet Vehicles
	11.	***Approve:*** Support Letter for USDA Emergency Watershed Program Grant Assistance – Gallagher Bridge Abutment Armoring
		INFORMATION ITEMS
	12.	Budget Review – Proposed FY 19/20 Budgets Novato & West Marin Service Areas
	13.	FY 18-19 Third Quarterly Progress Report – Water Conservation
	14.	FY 18-19 Third Quarter Progress Report – Engineering Department
	15.	NBWA Meeting – May 3, 2019
	16.	***MISCELLANEOUS*** Disbursements - Dated April 25, 2019 Disbursements – Dated May 2, 2019 Spring 2019 Novato *"Water Line"*, Volume 20, Issue 42 Spring 2019 West Marin's "*Water Line*", Volume 16 Self-Insured Workers' Comp – 3rd Quarter Status Report Information - FY 19 3rd Quarter Labor Cost Report SCWA Press Release - Public Opportunity to Learn How Habitat Enhancement Projects are Benefitting Russian River Coho, Steelhead Thank You Letter – Marin Country Day School SWRCB Letter – 2019 Lagunitas Creek Water Year Classification <u>News Articles:</u> Cancer-causing chemical taints water after fire - PARADISE Opinion - District maps protect incumbents MMWD - Councils skeptical of pitch for funds NMWD seeks water rate increase CITY OF NOVATO - Maps for district elections debated Marin closes in on deal for Coast Guard property Editorial – MMWD should heed rate hike opposition MMWD - Revisions possible for water rate plan More Novato agencies move to district elections CITY OF NOVATO - Citizens unload on district maps Regional strategy urged to prepare for sea-level rise
	17.	***CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL- Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: (one case)***
8:30 p.m.	18.	***ADJOURNMENT***

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DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF SPECIAL MEETING
OF THE BOARD OF DIRECTORS
April 23, 2019

CALL TO ORDER

President Baker called the regular meeting of the Board of Directors of North Marin Water District to order at 6:02 p.m. at the District Headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Michael Joly, James Grossi, and Stephen Petterle. Also present were General Manager Drew McIntyre, Acting District Secretary Sue Kessler, Auditor-Controller Julie Blue and Chief Engineer Rocky Vogler.

District employees, Tony Arendell (Construction/Maintenance Superintendent), and Robert Clark (Operations/Maintenance Superintendent) were also in attendance.

Also in the audience were Carl Nelson (Bold, Polisner, Maddow, Nelson & Judson) and Novato resident Michael Zavosky.

MINUTES

On the motion of Director Petterle, and seconded by Director Fraites, the Board approved the minutes from the regular meeting on April 2, 2019, by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

GENERAL MANAGER'S REPORT

Air Conditioning

Mr. McIntyre reported that the air conditioner for the main building was not working, which was why staff had set up small fans throughout the Board room, and were keeping the lights off. He explained that the problem had been identified (cooling tower), and that Robert Clark and his crew were working to rectify the problem.

Acknowledgements

Mr. McIntyre acknowledged Sue Kessler has returned to the District as a part-time employee, and was covering tonight for District Secretary Terrie Kehoe, who was away on vacation. He also recognized Carl Nelson, from the District's legal counsel, who was present to discuss Item #7.

Special Meeting

Mr. McIntyre thanked the Board for allowing tonight's special meeting to be held, after postponing last week's regularly-scheduled meeting in order that staff could attend the memorial mass for District employee Joseph "Joey" Corda. Mr. McIntyre acknowledged that Joey had been a valued employee who had touched many lives. Mr. McIntyre also noted that Joey's District vehicle number would be retired, and a ceremonial plaque would be created to be displayed in the front office lobby.

WAC Meeting

Mr. McIntyre reported that he, along with Directors Baker and Joly, had attended the recently-held Water Advisory Committee Meeting.

Public Policy Facilitating Committee Meeting

Mr. McIntyre noted that he and Director Grossi attended the April 22 Public Policy Facilitating Committee meeting held at the Lake Sonoma Visitor's Center. Director Grossi commented that it was very informative, and noted that many other agencies were also in attendance. He further noted that it was nice to see that so many agencies were involved in this project. Director Baker asked that if private property was involved in the Dry Creek Enhancements, are access easements being attained, to which Mr. McIntyre replied that both construction and access easements are being obtained. Director Fraites stated that he recalled some prior damage done to the enhancements. Mr. McIntyre replied that some damage occurred during the 2017 wet winter season but that current water levels were still too high in Dry creek to assess any 2019 winter season impacts.

Final County Workshop with Dillon Beach

Mr. McIntyre advised the Board that the third and final County Workshop with Dillon Beach Village residents would be held on April 30, 2019, and that he would be in attendance.

Water Rate Increase

Mr. McIntyre commented to the Board that the District had made the front page of the Marin Independent-Journal with regards to its impending water rate increase.

OPEN TIME

President Baker asked if anyone in the audience wished to bring up an item not on the agenda. Mr. Michael Zavosky, a Novato resident residing at 40 Amber Court, stated that he had recently installed a pool on his property, and as part of the City of Novato's permit process, was required to have a backflow prevention assembly (BFPA) installed poolside, and to have that device tested annually. He noted that he had received a letter from the District stating that he would have to have a second BFPA installed, and be subject to a bi-monthly service charge. Mr. Zavosky indicated

that he had discussed the issue with the District's Maintenance Supervisor, Kent LeBrun. Robert Clark commented that the City has never enforced this requirement in the past, but that Kent is awaiting information from the City. Director Baker asked if this was a new requirement and Robert replied that it was not, that BFPAs have always been required in this situation, but he will need to get a copy of the City's report. Director Joly asked if the customer would be double-charged. Robert replied that no, the customer would not be double-charged, just that the rules/District regulations would need to be changed. Mr. Clark stated he would contact City representatives, and get back to the customer. Mr. Zavosky then thanked the Board, as well as staff, and then left the meeting.

Director Joly asked for a brief moment of silence to honor Joey Corda and his family, which was then observed.

Director Petterle also suggested that at the meeting's end, it be adjourned in Joey's memory.

Chief Engineer Rocky Vogler noted that on April 8, 2019 a settlement agreement had been executed with the Young's regarding the PRE Tank 4A appeal to the California Coastal Commission.

STAFF/DIRECTORS REPORTS

President Baker asked if staff or Directors wished to bring up an item not on the agenda, and no reports were offered.

MONTHLY PROGRESS REPORT w/Customer Service Questionnaire

Mr. McIntyre reviewed the Monthly Progress Report for March, and reported that Novato water production was down 8% when compared to last year in March and down 4% year to date. He added that in West Marin, monthly water production is down 14% when compared to last year and current trending looks better when comparing water production versus consumption. He noted that Robert Clark and staff have been working on potential water loss issues and thanked Mr. Clark for his department's investigative work in addressing this issue

Mr. McIntyre informed the Board that STP began production on March 21st and total monthly production stood at 19.2M gallons. He added that Stafford Lake was at 103% capacity due to the season's heavy rainfall, and is still spilling as of today. Mr. McIntyre also reported that SCWA reservoirs at or above 100% water storage capacity.

Mr. McIntyre noted that in Oceana Marin, staff was doing a good job keeping the pond freeboard levels under control throughout this above average wet weather season.

Mr. McIntyre advised that Board that under Safety/Liability, due to a recent on-the-job injury, the number of days without a lost time accident now stands at two days.

Mr. McIntyre reported there was an increase in unplanned service disruptions primarily due

to a water main leak that affected 19 services. Mr. Arendell added that a service saddle on Gann Way had failed but was repaired by District staff. Director Fraites asked for information on a recent leak at the Nave Shopping Center, near the post office. Mr. Arendell replied that it had been a consumer leak, but that staff dug up the water main to ensure that District facilities were not the problem. The leak has since been fixed by the shopping center owners.

On the Summary of Complaints and Service Orders, the Board was apprised that since the installation of the AMI meters, the number of complaints/service orders are up over 200% (118 calls vs. 38 one year ago). Mr. McIntyre surmised that this was due to more customers looking at their personal water consumption in "real time."

Mr. McIntyre reported that there had been a 44% return rate for the recent Customer Service Questionnaires. He noted that 92% of those responses stated that the District was doing a good job, while only a small percentage disapproved.

Ms. Blue reported on the March 2019 investments, where the District's portfolio holds $17.9M, where the late interest rate continues at 4.4%, which is an increase in the weighted average.

CONSENT CALENDAR

On the motion of Director Petterle, and seconded by Director Fraites, the Board approved the following item on the consent calendar by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

GENERAL SERVICES AGREEMENT – RAUCH COMMUNICATION CONSULTANTS

The Board approved a General Services Agreement with Rauch Communication Consultants to provide miscellaneous marketing and public outreach services on an as-needed basis based on individual task orders, with a combined not-to-exceed limit of $15,000.

ACTION CALENDAR

ADOPTION OF RESOLUTION DECLARING NORTH MARIN WATER DISTRICT'S INTENT TO TRANSITION FROM AN AT-LARGE TO DISTRICT-BASED SYSTEM OF ELECTING OFFICERS

Mr. McIntyre reported that on February 13, 2019, the City of Novato received a letter from an attorney stating that the City's at-large election system violates the California Voting Rights Act of 2001, and threatening to sue the City unless it voluntarily transitioned to a district-based election

system for its city council. Mr. McIntyre noted that, in the closed session during the April 2, 2019, Board meeting, the Board had directed staff to draft a resolution to transition NMWD from an at-large to a district-based election system. He referenced AB 350, enacted in 2016, under which the District was required to hold four public hearings to allow the public to offer comments. At a fifth meeting, the District Board would consider adopting an ordinance to establish district-based elections. Mr. McIntyre noted the District would be using District legal counsel representative Carl Nelson, as well as special legal counsel working under legal counsel's directive. The resolution before the Board would direct the use of a demographer and would specify the timing and terms of the process. Mr. McIntyre added that the proposed 90-day process will require that public hearings be held at the regularly-scheduled Board meetings on May 7, 2019, May 21, 2019, June 1, 2019, June 16, 2019, with the final meeting on July 16, 2019.

Director Baker asked whether the 90-day process was in accordance with state law, and Mr. Nelson responded yes. Director Joly asked a question about a 180-day limit. Mr. Nelson replied that the statute states that if there is agreement with the plaintiff, the deadline can be extended to 180 days, but otherwise the limit remains at 90 days. Director Joly asked whether there had been any efficacy studies conducted in the 17 years since the law was enacted, and Mr. Nelson responded that he knows of none.

Director Joly asked if: (1) maps would have to be created by May 28, (2) was there a demographer in place, and (3) who would be reviewing the maps. Mr. Nelson responded that a demographer has been selected, who would draw maps based on input received, and the maps would be reviewed as part of the public hearing process. He also noted that it would be possible to hold closed sessions with counsel should any legal concerns about possible litigation develop during the process. Mr. Nelson shared a newspaper notice published for the proposed maps of the Dublin San Ramon Services District area (Contra Costa & Alameda counties). Director Fraites commented that he and Director Grossi were elected the previous November, and questioned whether they would need to run again in 2020. Mr. Nelson answered that they would not, and commented that every currently-sitting Board member would serve out their respective terms. Director Fraites then asked that if new division mapping resulted in two representatives within one district, would that create a problem. Mr. Nelson responded that it could potentially create a problem, and that incumbencies could be taken into account, but it could lead to challenges of the maps. Director Petterle commented that in the case of Novato, there were pockets of disadvantaged customers, and that the demographer would need to take this into consideration when generating the various maps.

Director Joly asked how the public would be notified. Mr. McIntyre responded that

outreach includes the District's website, press releases, social media notifications and direct mailing to all customers via the Spring Waterline newsletter. He added that a handout of the draft Waterline was provided at tonight's meeting and asked that Directors' comments be received by Thursday, April 25, 2019, so that the Waterline could be mailed early next week. He also commented that he is working with the Marin Independent-Journal and the Point Reyes Light on this topic and expects that articles would be published by both papers.

On the motion of Director Joly and seconded by Director Baker, the Board approved Resolution 19-05 Declaring North Marin Water District's Intent to Transition from an At-Large to a District-based System of Electing Directors by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

OCEANA MARIN SEWER SYSTEM FINANCIAL PLAN UPDATE

Ms. Blue reviewed for the Board the Oceana Marin Sewer System Plan Update, beginning with the Capital Improvements Project Update. Ms. Blue explained that within the upcoming 5-year financial plan window, one major project (Treatment Pond Rehabilitation) is scheduled, with $150,000 budgeted in FY21, and $1.05M in FY22 for completion of the project. Ms. Blue also commented that a 3.5% rate increase is incorporated into FY20 as well as 5% for each of the upcoming years. Finally, she noted that a new connection fee every other year is predicted.

Director Baker asked if a 3.5% increase is sufficient. Mr. McIntyre commented that the 5-year financial plans shows a 3.5% increase this year and 5% increases in the following years. He also noted that staff is still pursuing grant funding opportunities for some of the significant CIP projects such as armoring the Treatment Pond berms.

On the motion of Director Fraites and seconded by Director Petterle, the Board approved drafting a letter to Oceana Marin customers regarding a 3.5% sewer rate increase by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

WEST MARIN WATER SYSTEM FINANCIAL PLAN UPDATE

Ms. Blue reviewed the District's intent to draft a letter to West Marin water customers notifying them of a proposed 3.5% rate increase for FY20, with a 4.5% increase projected through FY23. Ms. Blue commented that she understood the Board's concerns regarding rate increases, but that customers needed to be aware of why increases were necessary and what the funds would be used for. She cited continued work on the $750,000 project to replace PRE Tank 4A, scheduled to be completed in FY20, as well as commencement of the State Route 1, Lagunitas Creek "Green" Bridge Pipe Replacement project necessitated by Caltrans upcoming bridge replacement project.

On the motion of Director Fraites and seconded by Director Petterle, the Board approved drafting a letter to West Marin water customers regarding a 3.5% water rate increase by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

INFORMATION ITEMS

INITIAL REVIEW – CAPITAL PROJECT FY20 & FY21 AND EQUIPMENT BUDGET FY20

Ms. Blue reviewed both items for the Board, noting that projects for Novato, West Marin, Oceana Marin and for recycled water were broken down by type and area. Mr. McIntyre reminded the Board that this will be their initial review and that second and third reviews would be presented per the review schedule approved by the Board at the February 5, 2019 meeting. Director Joly asked a question about status on the $12M Office Renovation project. Mr. McIntyre responded that staff is working with the architectural firm Noll &TAM under an existing contract to come up with a plan to divide the initial $19M project (2017 dollars) into phases. He noted that past General Manager, Chris DeGabriele is assisting staff in this effort along with key support by Robert Clark. The next milestone will be development of a Master Plan document showing the proposed office/yard renovation project in phases based on the May 2, 2017 Board approved "Option A – Renovation & Addition. Director Joly commented that he would like the public to be aware of what the District is doing. Director Petterle also commented that NMWD was a well-run district, and would do everything properly, but noted that "no one ever comes to the meetings." Director Joly also commented that NMWD was well-run, and "a joy" of an organization, and that it was the Board's responsibility to see that it continues to be that way. He acknowledged that the public had concerns,

and wants transparency in the District's actions. Director Grossi commented that he liked the idea of looking out over the next 5-10 years when projecting Capital Improvement Projects.

NBWA MEETING – APRIL 5, 2019

Director Fraites noted that he had attended this meeting, and that each member had discussed what was new in their respective districts. He noted that Napa County Flood District reviewed lessons learned from February floods.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements – dated April 4, 2019, dated April 11, 2019, and dated April 18, 2019; Right of Entry Permit – PG&E, and Technical Advisory Committee Meeting – March 4, 2019.

Mr. Clark commented on the PG&E Right-of-Entry Board Memo and noted that the District was working with PG&E regarding major power-line maintenance in Marin County. He noted that PG&E is implementing major infrastructure improvements. He commented that about 80% of the PG&E power poles are being replaced, and a helicopter landing pad is requested on District property below Stafford Dam. Mr. Clark commented that the District is in contact with the Marin County and Novato Fire Departments, as well as the California Highway Patrol and Marin County Sheriff's office to understand their requirements related in this request. Director Grossi noted the PG&E had rented space on his ranch to land helicopters, and park trucks, but that they are now finished at that location.

The Board received the following news articles: California's Monster Snow Year – 'It's Been a Wild Ride;' Marin experiencing near-record rain; Snow Survey Boosts Runoff Predictions; Talks sought in water tank dispute; MMWD benefits, salaries debated; Editorial – Pension trustworthy, more should be done; Yes, we need clean water, but it must remain tax-free; and Obituary – Joseph "Joey" Corda.

ADJOURNMENT

President Baker adjourned the meeting at 7:44 p.m. in memory of Joey Corda.

Submitted by

Sue Kessler
Acting District Secretary

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MEMORANDUM

To: Board of Directors May 3, 2019

From: Drew McIntyre, General Manager

Subj: Public Hearing No. 1 – California Voting Rights Act (CVRA) and Elections Code (EC) 10010

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RECOMMENDED ACTION: Conduct first public hearing to receive public input on the composition of new voting districts (divisions).

FINANCIAL IMPACT: None

Agencies throughout California (including water and wastewater agencies) have increasingly been transitioning from an at-large to district-based system of electing members of their governing bodies under the provisions of the California Voting Rights Act (CVRA) of 2001. The CVRA, signed into law in 2002, prohibits an at-large method of election that impairs the ability of a protected class to elect candidates of its choice or its ability to influence the outcome of an election. The law's intent is to expand protections against vote dilution over and above those provided by the Federal Voting Rights Act of 1965 ("FVRA"). The law was also motivated, in part, by the lack of success by plaintiffs in California in lawsuits brought under the FVRA challenging "at-large" electoral systems. The passage of the CVRA made it much easier for plaintiffs to prevail in lawsuits against public entities that elected their members to its governing body through "at-large" elections

The District reviewed its options under the CVRA and, at the April 23, 2019 Special Meeting, approved Resolution No. 19-05 declaring North Marin Water District's intent to transition from an at-large to district-based system of electing Directors. By doing so, the District enters into a "safe harbor" from CVRA litigation by choosing to voluntarily transition to a district-based election system as provided by AB 350 (2016) (legislation signed into law on September 28, 2016). Under AB 350, the District is required to hold at least four public hearings within the allotted 90-day "safe harbor" period.

Public Hearing No. 1 is the first of two public hearings that will give the public an opportunity to weigh in on the composition of the districts (divisions). At the completion of Public Hearing No. 2 (May 21st regular meeting), draft District maps will be drawn and two additional public hearings (hearings three and four) will be held for the public to provide input regarding the content of the draft maps and proposed sequence of elections. Finally,

at a fifth public hearing (July 16th regular meeting), the Board will consider adoption of an ordinance that establishes NMWD's district-based elections (see timeline provided in Attachment 1)

Bold, Polisner, Maddow, Nelson & Judson (District Legal Counsel), Remcho Johansen & Purcell LLP (Special Legal Counsel), and Political Data, Inc (Demographer) will be present to lead the discussions and answer questions.

RECOMMENDATION:

Conduct first public hearing to receive public input on the composition of new voting districts (divisions) to be established by the transition to by-district (division) elections and provide direction to District Counsel, Consultant, and staff, if any.

North Marin Water District
District Secretary
999 Rush Creek Place
Novato, CA 94945

NOTICE OF PUBLIC HEARINGS

The North Marin Water District (District) Board of Directors (Board) has initiated the process to change from the District's current at-large election system to by-district (division) elections to conform with the California Voting Rights Act (CVRA). On April 23, 2019, the Board took action to adopt District Resolution No. 19-05 "Declaring Intent to Transition from An At-Large Election System to a District-Based System for Electing Directors, Outlining Specific Steps to Be Undertaken to Facilitate the Transition, and Specifying a Timeline Within Which the Necessary Actions Would Be Taken." The following schedule is proposed to hold the required minimum of five (5) public hearings to transition to district (division) elections but may be subject to change.

NORTH MARIN WATER DISTRICT
Proposed Timeline for Consideration and Implementation of District-Based Elections

DATE	EVENT	COMMENT
Tuesday, April 23, 2019	Board adopts Resolution declaring its intention to transition from at-large to by-district (division) elections. (Special Meeting).	
Tuesday, May 7, 2019	1st Public Hearing (Regular Meeting)	No maps for review, but take public comments on composition of districts (divisions) and preference for zone lines.
Tuesday, May 21, 2019	2nd Public Hearing (Regular Meeting)	No maps for review, but take public comments on composition of districts (divisions) and preference for zone lines.
By Tuesday, May 28, 2019	Publish draft map(s) for at least seven (7) days before 3rd public hearing	Publication can be on website and posting in other places
Tuesday, June 4, 2019	3rd Public Hearing (Regular Meeting)	Take public comments on proposed maps; engage in line drawing as desired.
By Tuesday, June 11, 2019	Publish for review new or amended district election maps, if any.	Maps must be available for review at least 7 days before consideration at the 4th public hearing.
Tuesday, June 18, 2019	4th Public Hearing (Regular meeting)	Take public comments on proposed maps; final line drawing as desired.
By Tuesday, July 9, 2019	Publish for review new or amended district election maps (if any) and proposed sequence of elections.	If selected map is amended, ordinance cannot be adopted until 7 days after amended map is published.
Tuesday, July 16, 2019	5th Public Hearing (Regular meeting)	Board adopts ordinance establishing by-district elections.

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NORTH MARIN WATER DISTRICT

FINANCIAL STATEMENT
FISCAL YEAR 2018-19

March 31, 2019

NORTH MARIN WATER DISTRICT
FINANCIAL STATEMENTS
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MEMORANDUM

To: Drew McIntyre, General Manager May 3, 2019

From: Reviewed by: Julie Blue, Auditor-Controller JB

Prepared by: Nancy Holton and Nancy Williamson, Senior Accountants

Subj: Information – FY18/19 March Financial Statement
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FISCAL YEAR PERFORMANCE COMPARED TO THE ANNUAL BUDGET

CONSOLIDATED SUMMARY Actual vs. Budget	Mar-19 Actual	FY18/19 Actual YTD	FY18/19 Budget	FYTD / Budget %
Operating Revenue	$1,304,631	$15,878,936	$22,806,000	70%
Operating Expense	1,507,994	14,782,441	21,187,000	70%
Non-Operating Revenue / (Expense)	(26,255)	(156,576)	(460,000)	34%
Net Income / (Loss)	($229,618)	$939,918	$1,159,000	81%
Other Sources / (Uses)*	288,904	1,921,375	(5,326,000)	-
Cash Increase / (Decrease)	$59,286	$2,861,293	($4,167,000)	-

* See Page 8.

For the first nine months of the fiscal year, the District generated a net income of $939,918 and saw a net cash increase of $2,861,293. On a seasonally adjusted basis, Operating Revenue came in 5% under budget and Operating Expense came in 6% under budget. $3,220,045 (42%) of the Capital Improvement Projects Budget was expended this fiscal year-to-date. At month end the ratio of total cash to budgeted annual operating expense (sans depreciation) stood at 102%.

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

NOVATO WATER Year over Year Comparison	Mar-19 Actual	FY18/19 Actual YTD	FY17/18 Actual YTD	FY19 vs 18 Up/(Down)
Operating Revenue	$1,220,692	$14,190,554	$14,573,809	(3%)
Operating Expense	1,301,998	13,220,689	12,640,677	5%
Other Income / (Expense)	(12,094)	(68,673)	(223,409)	(69%)
Net Income / (Loss)	($93,400)	$901,192	$1,709,722	(47%)
Active Accounts	20,543	20,543	20,556	0%
Consumption (MG)	126	1,809	1,894	(4%)
Average Commodity Rate / 1,000 gal (net)	$6.48	$5.82	$5.84	(0%)
Income / (Loss) / Active Account	($4.55)	$43.87	$83.17	(47%)
Income / (Loss) / 1,000 Gal	($0.74)	$0.50	$0.90	(45%)
Connection Fee Revenue	$718,780	$824,580	$737,800	12%
FRC Transfer (to)/from Recycled Water	($4,513)	$1,364,598	($5,582,035)	-
Caltrans Capital Contribution	$160	$18,716	$1,193	1469%
MMWD AEEP Capital Contribution	$0	$245,000	$245,000	0%
Developer 'In-Kind' Contributions	$55,416	$285,438	$151,114	89%

Consumption for the fiscal year-to-date was 4% less than the prior year same period. Total operating revenue, which includes wheeling and other miscellaneous service charges, decreased 3% ($383,254) from the prior year same period. Total operating expense was 5% ($580,012) more than last year same period. The Stafford Treatment Plant produced 312 MG this fiscal year-to-date at a cost of $4,263/MG[1] versus $2,745/MG[3] from SCWA. The budget for Stafford is 750 MG at a cost of $3,204/MG.

Staff time (hours) charged to Novato operations was 2% more than last year. Salary and benefit cost was $4,082,789, which was 63% of the $6,514,000 budget for Novato operations.

The fiscal year net income (which includes non-operating items such as interest revenue and expense) of $901,192 compares to a budgeted net income for the year of $902,000 and to a net income of $1,709,722 for the prior year. $2,765,222 (48%) of the Novato Water Capital Improvement Project Budget was spent versus $3,121,438 (30%) for the prior year. $824,580 in connection fees have been collected ($680,000 is budgeted). Connection Fee reserves totaling $1,364,598 were transferred this fiscal year from the Recycled Water Fund to cover the debt service and working capital requirements for expansion of the RW distribution system. The Novato Connection Fee Reserve has a net deficit of $7,797,604 arising from transfers to the RW Fund in advance of Connection Fee receipts. That deficit will be reimbursed by future Connection Fee revenue. The Novato cash balance increased $20,586 in March, and stood at $11,187,039 at month end, compared to a budgeted projection of $8,189,000 at fiscal year-end.

NOVATO RECYCLED Year over Year Comparison	Mar-19 Actual	FY18/19 Actual YTD	FY17/18 Actual YTD	FY19 vs 18 Up/(Down)
Operating Revenue	$10,360	$816,748	$592,893	38%
Operating Expense	132,261	887,308	575,755	54%
Other Income / (Expense)	(14,532)	(171,549)	(135,441)	27%
Net Income / (Loss)	($136,433)	($242,108)	($118,303)	105%
Active Accounts	91	91	53	72%
Consumption (MG)	0.5	132.8	104.1	28%
Average Commodity Rate / 1,000 gal (net)	$5.77	$5.77	$5.44	6%
Deer Island Production (MG)	0.0	4.0	7.0	(43%)
Novato Sanitary Production (MG)	1.3	110.5	64.2	72%
Las Gallinas Production (MG)	(0.1)	15.6	36.0	(57%)
Potable Water Input (MG)	(0.0)	20.0	20.0	(0%)

132.8 MG was delivered to RW customers this fiscal year-to-date, 28% more than the prior year. Operating revenue was 38% more than last year due to the June 1, 2018 4.5% rate increase and the consumption increase. Total operating expense was $311,552 (54%) more than the prior year. The recycled water was produced at a cost of $2,057/MG[2] (including potable water consumed) versus $2,745/MG[3] from SCWA. The budgeted production cost of recycled water is $3,255/MG. The District began receiving recycled water from Las Gallinas Valley Sanitary District again at the end of August after a malfunction associated with their UV disinfection system was repaired.

The fiscal year-to-date net loss of $242,108 compares to a budgeted net loss for the year of $10,000 and a net loss of $118,303 for the prior year same period. $113,746 (95%) of the Capital Improvement Project Budget has been expended this fiscal year-to-date. The Novato Recycled cash balance stood at $4,760,720 at month end, $3.4M of which amount resides in restricted reserves for debt service, the Deer Island Facility Replacement Fund and the Recycled Water Capital Replacement and Expansion Fund.

[1] Stafford production cost = TP op expense ($745,331) + SRF loan interest ($180,322) + plant depreciation ($404,299) /312 MG produced

[2] Recycled Water production cost = purchased water cost ($260,550) + treatment expense ($6,159) + Deer Island RW Facility SRF loan interest ($38,849) + Deer Island plant depreciation ($86,939) / 150.0 MG produced

[3] SCWA production cost per MG = O&M charge ($2,207) + debt service charge ($173) + Russian River conservation charge ($337) + Russian River projects charge ($28)

WEST MARIN WATER Year over Year Comparison	Mar-19 Actual	FY18/19 Actual YTD	FY17/18 Actual YTD	FY19 vs 18 Up/(Down)
Operating Revenue	$52,519	$682,093	$644,108	6%
Operating Expense	57,883	528,251	530,132	(0%)
Other Income / (Expense)	234	45,458	27,921	63%
Net Income / (Loss)	($5,131)	$199,300	$141,898	40%
Active Accounts	783	783	781	0%
Consumption (MG)	3.7	50.8	49.7	2%
Average Commodity Rate / 1,000 gal (net)	$10.05	$10.59	$10.26	3%
Income/ (Loss) / Active Account	($6.55)	$254.53	$181.69	40%
Income / (Loss) / 1,000 Gal	($1.39)	$3.92	$2.88	36%
Connection Fee Revenue	$0	$8,000	$45,600	(82%)

Consumption for the fiscal year was 50.8 MG, 2% more than the prior year. Operating revenue of $682,093 was $37,985 (6%) more than last year.

Operating expenditures were $1,881 (0%) less than the previous year same period. The fiscal year net income of $199,300 compares to a budgeted annual net income of $183,000 and to a net income of $141,898 for the prior year same period. $74,483 (6%) of the Capital Improvement Project Budget was expended this fiscal year-to-date, and $8,000 in connection fees were collected ($23,000 is budgeted). The West Marin Water cash balance increased $22,701 in March and stood at $1,782,916 at month end, compared to a budgeted projection of $424,000 at June 30, 2019.

OCEANA MARIN SEWER Year over Year Comparison	Mar-19 Actual	FY18/19 Actual YTD	FY17/18 Actual YTD	FY19 vs 18 Up/(Down)
Operating Revenue	$21,060	$189,540	$179,216	6%
Operating Expense	15,851	146,193	152,250	(4%)
Other Income / (Expense)	138	38,188	39,078	(2%)
Net Income / (Loss)	$5,347	$81,535	$66,044	23%
Active Accounts	234	234	232	1%
Monthly Sewer Service Charge	$90	$90	$86	5%
Income / (Loss) / Active Account	$22.85	$348.44	$284.67	-
Connection Fee Revenue	$0	$0	$0	-

Operating revenue of $189,540 was 6% more than the previous year due to the 5% rate increase effective July 1, 2018. Operating expenditures were 4% ($6,057) less than the previous year same period. The fiscal year net income of $81,535 compares to a budgeted annual income of $85,000 and to a net income of $66,044 for the prior year. 61% of the Capital Improvement Project Budget has been expended this fiscal year-to-date.

No connection fees have been collected ($30,000 is budgeted). The Oceana Marin cash balance decreased $12,473 in March and stood at $237,044 at month end, compared to a budgeted projection of $236,000 at June 30, 2019.

NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING MARCH 31, 2019

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
ASSETS					
Cash & Investments					
Unrestricted/Undesignated Cash	$1,590,726	$0	$477,743	$947,356	$165,627
Restricted Cash (Note 1)					
Connection Fee Fund	86,102	0	0	86,102	0
Revenue Bond Redemption Fund	30,000	0	0	30,000	0
Bank of Marin Project Fund	451,399	29,184	0	422,215	0
AMI Project Loan Fund	0	0	0	0	0
Deer Island RWF Replacement Fund	1,478,667	0	1,478,667	0	0
Capital Replacement & Expansion Fund	1,198,480	0	1,198,480	0	0
Tax Receipts Held in Marin Co Treasury	551	0	0	540	11
STP SRF Reserve-Marin Co Treasury	1,019,100	1,019,100	0	0	0
RWS North/South SRF Reserve Fund	614,299	0	614,299	0	0
RW Central Area SRF Reserve Fund	275,773	0	275,773	0	0
Designated Cash (Note 2)					
Liability Contingency Fund	1,241,170	1,142,285	0	98,885	0
Self-Insured Workers' Compensation Fund	563,086	529,418	9,443	17,819	6,406
Retiree Medical Benefits Fund	4,123,565	4,123,565	0	0	0
Maintenance Accrual Fund	2,500,000	2,500,000	0	0	0
Operating Reserve Fund	2,799,365	1,848,049	706,316	180,000	65,000
Total Cash	$17,972,282	$11,191,601	$4,760,720	$1,782,916	$237,044
Gain/(Loss) on MV of Investments	(4,562)	(4,562)	0	0	0
Market Value of Cash & Investments	$17,967,720	$11,187,039	$4,760,720	$1,782,916	$237,044
Current Assets					
Net Receivables - Consumers	$1,031,300	$969,413	$9,639	$1,921	$50,327
Accrued Water Sales	1,152,217	1,043,168	13,468	95,582	0
Accounts Receivable-Other	376,978	172,936	80,543	0	123,499
Prepaid Expense	207,651	206,066	0	0	1,584
Reimbursable Small Jobs	83,246	80,011	0	0	3,235
Interest Receivable	82,361	78,109	4,251	0	0
Inventories	812,387	812,387	0	0	0
Deposits Receivable	32,720	32,720	0	0	0
Total Current Assets	$3,778,859	$3,394,810	$107,901	$97,502	$178,646

NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING MARCH 31, 2019

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Loans Receivable					
Employee Loans (Note 3)	$714,200	$714,200	$0	$0	$0
Due From Other Funds (Note 10)	0	0	0	0	0
Other Long Term Receivables (Note 4)	2,291,734	0	2,291,734	0	0
Loans Receivable	$3,005,934	$714,200	$2,291,734	$0	$0
Property and Plant					
Land & Land Rights	$1,473,091	$1,368,872	$0	$103,411	$808
Dam, Lake, & Source Facilities	5,675,845	5,183,433	0	492,412	0
Treatment Facilities	21,184,413	17,607,109	2,666,198	319,913	591,193
Storage Facilities	23,082,819	20,458,283	519,014	2,105,523	0
Transmission Facilities (16"+)	29,406,066	29,283,743	0	122,324	0
Distribution and Pumping Facilities	84,835,006	61,714,907	17,301,217	5,818,882	0
Sewer Mains, Pumps, & Laterals	1,203,030	0	0	0	1,203,030
Sub-Total	$166,860,271	$135,616,346	$20,486,428	$8,962,465	$1,795,032
Less Accumulated Depreciation (Note 5)	(55,900,860)	(47,347,884)	(3,637,748)	(3,880,010)	(1,035,218)
Net Property and Plant	$110,959,411	$88,268,462	$16,848,680	$5,082,455	$759,814
Buildings and Equipment (Note 6)					
Buildings	$1,902,893	$1,902,893	$0	$0	$0
Office Equipment	695,146	695,146	0	0	0
Laboratory Equipment	252,324	252,324	0	0	0
Trucks & Automobiles	1,346,889	1,346,889	0	0	0
Construction Equipment	855,144	855,144	0	0	0
Tools, Shop Equipment	222,390	222,390	0	0	0
Sub-Total	$5,274,786	$5,274,786	$0	$0	$0
Less Accumulated Depreciation (Note 5)	(4,183,003)	(4,183,003)	0	0	0
Net Buildings and Equipment	$1,091,783	$1,091,783	$0	$0	$0
Construction In Progress					
Developer	$684,694	$684,694	$0	$0	$0
District	24,893,025	8,235,844	15,737,028	518,291	401,861
Total Construction in Progress	$25,577,718	$8,920,538	$15,737,028	$518,291	$401,861
Net Utility Plant	137,628,913	98,280,783	32,585,708	5,600,746	1,161,675
Deferred Outflow of Resources-GASB68	3,538,326	3,538,326	0	0	0
Deferred Outflow of Resources-GASB75	0	0	0	0	0
TOTAL ASSETS	$165,919,753	$117,115,159	$39,746,062	$7,481,165	$1,577,366

NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING MARCH 31, 2019

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
LIABILITIES AND NET ASSETS					
Current Liabilities					
Trade Accounts Payable	$916,576	$867,938	$48,637	$0	$0
Reimbursement Prog. Unclaimed Funds	24,715	13,615	0	11,100	0
Bond Debt Principal Payable-Current	24,000	0	0	24,000	0
Loan Debt Principal Payable-Current	1,615,470	818,738	796,732	0	0
Bank of Marin Principal Payable-Current	364,197	317,541	0	46,656	0
JP Morgan/Chase AMI Loan-Current	0	0	0	0	0
Bond/Loan Debt Interest Payable-Current	437	0	0	437	0
Accrued Interest Payable-SRF Loan	195,131	60,217	134,914	0	0
JP Morgan/Chase AMI Loan Interest Payable	9,774	9,774	0	0	0
Deposits/Performance Bonds	392,207	362,829	0	26,378	3,000
Unemployment Insurance Reserve (Note 8)	21,157	21,157	0	0	0
Workers' Comp Future Claims Payable	91,612	84,741	2,565	3,115	1,191
Payroll Benefits (Note 9)	798,354	730,569	25,306	30,729	11,749
Due To Other Funds (Note 10)	0	0	0	0	0
Deferred Revenue	63,180	0	0	0	63,180
Total Current Liabilities	$4,516,810	$3,287,119	$1,008,155	$142,415	$79,120
Restricted Liabilities					
Construction Advances	$390,056	$379,356	$10,000	$0	$700
Total Restricted Liabilities	$390,056	$379,356	$10,000	$0	$700
Long Term Liablilities (Note 7)					
Bonds Outstanding - PR6 (FmHA)	$24,000	$0	$0	$24,000	$0
Bonds Outstanding - PRE1 (FmHA)	0	0	0	0	0
JP Morgan/Chase AMI Loan Payable	4,360,000	4,360,000	0	0	0
STP Rehab SRF Loan	8,829,777	8,829,777	0	0	0
RWF SRF Loan	1,968,463	0	1,968,463	0	0
RWS North/South Expansion SRF Loan	6,895,455	0	6,895,455	0	0
RWS Central Expansion SRF Loan	6,705,816	0	6,705,816	0	0
Bank of Marin Loan	5,281,211	4,605,254	0	675,957	0
Net Pension Liability @ 6/30/18	12,774,724	12,774,724	0	0	0
Total OPEB Liability (Note 2)	4,123,565	4,123,565	0	0	0
Total Long Term Liabilities	$50,963,010	$34,693,320	$15,569,733	$699,957	$0
Deferred Inflow of Resources-GASB 68	727,627	727,627	0	0	0
Deferred Inflow of Resources-GASB 75	158,611	158,611	0	0	0
TOTAL LIABILITIES	$56,756,113	$39,246,033	$16,587,889	$842,372	$79,820

NORTH MARIN WATER DISTRICT
STATEMENT OF NET POSITION
FOR THE PERIOD ENDING MARCH 31, 2019

	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Net Assets					
Invested in Capital Assets					
Contributions in Aid of Construction	$84,490,301	$75,872,069	$5,800,128	$2,138,348	$679,755
Grants in Aid of Construction	13,213,887	424,797	9,961,904	2,827,187	0
Connection Fees	39,028,012	26,480,944	10,498,106	1,381,309	667,653
Total Investment	$136,732,199	$102,777,810	$26,260,138	$6,346,844	$1,347,408
Restricted Reserves					
Connection Fee Fund	($7,885,460)	($7,797,604)	$0	$86,102	($173,957)
AMI Project Reserve Fund	0	0	0	0	0
Revenue Bond Redemption Fund	30,000	0	0	30,000	0
Bank of Marin Project Fund	451,399	29,184	0	422,215	0
Deer Island RWF Replacement Fund	1,478,667	0	1,478,667	0	0
Capital Replacement & Expansion Fund	1,198,480	0	1,198,480	0	0
RWS North/South SRF Reserve Fund	614,299	0	614,299	0	0
RW Central Area SRF Reserve Fund	275,773	0	275,773	0	0
Designated Reserves					
Liability Contingency Fund	1,241,170	1,142,285	0	98,885	0
Maintenance Accrual Fund	2,500,000	2,500,000	0	0	0
Self-Insured Workers' Compensation Fund	471,472	444,676	6,878	14,704	5,214
Retiree Medical Benefits Fund	2,759,513	2,759,513	0	0	0
Operating Reserve Fund	5,887,000	5,481,000	161,000	180,000	65,000
Earned Surplus - Prior Yrs	(34,115,484)	(27,197,195)	(6,432,441)	(657,428)	171,580
Net Income/(Loss)	939,918	901,192	(242,108)	199,300	81,535
Transfer (To)/From Reserves (see below)	(3,415,307)	(3,171,734)	(162,512)	(81,828)	767
Total Restricted & Designated	($27,568,560)	($24,908,683)	($3,101,964)	$291,949	$150,138
TOTAL NET POSITION	$109,163,639	$77,869,126	$23,158,174	$6,638,793	$1,497,545
Transfer (To)/From Reserves					
Connection Fee	($17,977)	($15,280)	$0	($2,697)	$0
AMI Project Fund	1,524,814	1,524,814	0	0	0
Liability Reserve	(1,241,170)	(1,142,285)	0	(98,885)	0
Maintenance Reserve	1,915,681	1,915,681	0	0	0
RWF Replacement Fund	(125,732)	0	(125,732)	0	0
Retiree Medical Insurance Fund	38,863	38,863	0	0	0
(Gain)/Loss Self-Insured WC Fund	(20,022)	(18,765)	(380)	(644)	(233)
Bank of Marin Project Fund	32,637	6,238	0	26,398	0
Operating Reserve Fund	(5,502,000)	(5,481,000)	(16,000)	(6,000)	1,000
Total Transfer	($3,415,307)	($3,171,734)	($162,512)	($81,828)	$767

NORTH MARIN WATER DISTRICT
SOURCES AND USES OF FUNDS STATEMENT - ALL SERVICE AREAS COMBINED
FOR THE PERIOD ENDING MARCH 31, 2019

	YTD Actual	Annual Budget	YTD/ Budget %	Prior YTD Actual
OPERATING REVENUE				
Water Sales	$11,835,799	$17,411,000	68%	$12,133,729
Bimonthly Service Charge	3,598,323	4,796,000	75%	3,423,208
Sewer Service Charge	189,540	252,000	75%	178,916
Wheeling & Misc Service Charges	255,274	347,000	74%	254,173
TOTAL OPERATING REVENUE	$15,878,936	$22,806,000	70%	$15,990,026
OPERATING EXPENDITURES				
Source of Supply	$4,532,632	$7,044,000	64%	$3,938,383
Pumping	334,672	394,000	85%	308,359
Operations	767,140	697,000	110%	715,238
Water Treatment	1,359,391	2,591,000	52%	1,801,825
Sewer Service	97,297	143,000	68%	102,048
Transmission & Distribution	2,279,337	3,323,000	69%	2,175,374
Consumer Accounting	358,409	648,000	55%	487,704
Water Conservation	234,864	390,000	60%	219,387
General & Administrative	2,238,394	2,417,000	93%	1,570,574
Depreciation	2,580,303	3,540,000	73%	2,579,922
TOTAL OPERATING EXPENDITURES	$14,782,441	$21,187,000	70%	$13,898,814
NET OPERATING INCOME (LOSS)	$1,096,495	$1,619,000	68%	$2,091,212
NON-OPERATING REVENUE/(EXPENSE)				
Tax Proceeds	$65,679	$114,000	58%	$62,424
Interest Revenue	286,604	159,000	180%	175,302
Miscellaneous Revenue	163,502	137,000	119%	103,426
Bond & Loan Interest Expense	(669,891)	(850,000)	79%	(630,639)
Miscellaneous Expense	(2,471)	(20,000)	12%	(2,364)
TOTAL NON-OP REVENUE/(EXPENSE)	($156,576)	($460,000)	34%	($291,850)
NET INCOME/(LOSS)	$939,918	$1,159,000	81%	$1,799,361
OTHER SOURCES/(USES) OF FUNDS				
Add Depreciation Expense	$2,580,303	$3,528,000	73%	$2,579,922
Connection Fees	832,580	733,000	114%	783,400
Loan Proceeds	2,033,836	0	-	2,033,836
Grant Proceeds	18,539	349,000	5%	1,183,099
Marin County Club Loan Principal Pmts	442,095	0	-	0
Caltrans AEEP Capital Contribution	18,716	1,000	1872%	735
StoneTree RWF Loan Principal	147,086	222,000	66%	71,515
MMWD AEEP Capital Contribution	245,000	245,000	100%	245,000
Capital Equipment Expenditures	(112,457)	(355,000)	32%	0
Capital Improvement Projects	(3,220,045)	(7,770,000)	41%	(2,522,036)
Bond & Loan Principal Payments	(1,298,814)	(2,279,000)	57%	(279,331)
Change in Working Capital	234,536	0	-	(653,271)
TOTAL OTHER SOURCES/(USES)	$1,921,375	($5,326,000)	-	$3,442,869
CASH INCREASE/(DECREASE)	$2,861,293	($4,167,000)	-	$5,242,230

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NORTH MARIN WATER DISTRICT
INCOME STATEMENT AND CASH FLOW BY SERVICE AREA
FOR THE PERIOD ENDING MARCH 31, 2019

SUMMARY INCOME STATEMENT	TOTAL	NOVATO WATER	NOVATO RECYCLED	WEST MARIN WATER	OCEANA MARIN SEWER
Operating Revenue	$15,878,936	$14,190,554	$816,748	$682,093	$189,540
Operating Expense	14,782,441	13,220,689	887,308	528,251	146,193
OPERATING INCOME/(LOSS)	$1,096,495	$969,865	($70,559)	$153,843	$43,347
Non-Operating Revenue/(Expense)	(156,576)	(68,673)	(171,549)	45,458	38,188
NET INCOME/(LOSS)	$939,918	$901,192	($242,108)	$199,300	$81,535
CAPITAL CONTRIBUTIONS					
SCWA Prop 84 Water Conserv Grant	$18,539	$18,539	$0	$0	$0
RW Central Area Expansion Grant	0	0	0	0	0
Developer In-Kind Contributions	285,438	285,438	0	0	0
Caltrans AEEP Capital Contributions	18,716	18,716	0	0	0
MMWD Capital Contribution	245,000	245,000	0	0	0
Connection Fees	832,580	824,580	0	8,000	0
FRC Transfer	0	1,364,598	(1,364,598)	0	0
CAPITAL CONTRIBUTIONS	$1,400,273	$2,756,871	($1,364,598)	$8,000	$0
CHANGE IN NET POSITION	$2,340,191	$3,658,063	($1,606,706)	$207,300	$81,535
Net Position June 30, 2018	106,823,448	74,211,064	24,764,880	6,431,493	1,416,011
Net Position March 31, 2019	$109,163,639	$77,869,127	$23,158,174	$6,638,793	$1,497,546

CASH FLOW STATEMENT					
Net Income/(Loss)	$939,918	$901,192	($242,108)	$199,300	$81,535
Add back Depreciation	2,580,303	2,056,831	355,368	140,209	27,895
Cash Generated From Operations	$3,520,221	$2,958,023	$113,260	$339,509	$109,429
Other Sources (Uses) of Funds					
Connection Fee Revenue	$832,580	$824,580	$0	$8,000	$0
Loan Proceeds	2,033,836	0	2,033,836	0	0
Grant Proceeds	18,539	18,539	0	0	0
Capital Assets Acquisition	(3,332,502)	(2,877,679)	(113,746)	(74,483)	(266,594)
Caltrans AEEP Capital Contribution	18,716	18,716	0	0	0
MMWD AEEP Capital Contribution	245,000	245,000	0	0	0
Marin Country Club & Stone Tree Loan Principal Pmts	589,181	0	589,181	0	0
Principal Paid on Debt	(1,298,814)	(874,967)	(365,669)	(58,178)	0
Consumer Receivables Decr (Incr)	678,498	257,538	366,638	101,601	(47,280)
Construction Advances (Decr) Incr	74,180	74,180	0	0	0
Other Assets Decr (Incr)	1,572,526	1,466,962	234,008	(4,079)	(124,365)
Other Liabilities (Decr) Incr	(365,718)	(248,961)	(176,839)	(5,443)	65,526
Trade Accounts Payable (Decr) Incr	(1,724,949)	(1,667,182)	3,309	0	(61,076)
Connection Fee Transfer	0	1,364,598	(1,364,598)	0	0
Interdistrict Loan Due To (From)	0	(543,218)	543,218	0	0
Total Other Sources (Uses)	($658,928)	($1,941,894)	$1,749,336	($32,581)	($433,789)
Net Cash Provided (Used)	$2,861,293	$1,016,128	$1,862,596	$306,929	($324,360)
MV Cash & Investments June 30, 2018	15,106,428	10,170,912	2,898,124	1,475,988	561,404
MV Cash & Investments March 31, 2019	$17,967,720	$11,187,039	$4,760,720	$1,782,916	$237,044

NOVATO WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 2019

	MARCH 2019	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Water Sales	$823,254	$10,591,234	67%	$11,178,904
Bill Adjustments	(5,739)	(62,276)	40%	(118,852)
Bimonthly Service Charges	379,088	3,411,795	75%	3,264,876
Account Turn-on Charges	7,545	57,395	78%	55,372
New Account Charges	535	4,830	69%	5,525
Returned Check Charges	18	225	23%	432
Hydrant Meter Up/Down Charges	200	3,500	175%	3,260
Backflow Service Charges	11,986	107,137	77%	105,013
Lab Service-Outside Clients	1,868	23,232	89%	18,991
Wheeling Charges - MMWD	1,936	53,483	71%	60,288
TOTAL OPERATING REVENUE	$1,220,692	$14,190,554	69%	$14,573,809
TOTAL EXPENDITURES				
SOURCE OF SUPPLY				
Supervision & Engineering	$625	$5,211	14%	$7,720
Operating Expense - Source	618	6,734	56%	3,190
Maint/Monitoring of Dam	152	25,035	37%	19,342
Maint of Lake & Intakes	0	16,208	90%	2,375
Maint of Structures	0	205	-	0
Maint of Watershed	14	4,072	8%	29,231
Water Quality Surveillance	134	974	4%	6,280
Purchased Water	326,057	4,199,524	64%	3,750,381
SOURCE OF SUPPLY	$327,600	$4,257,962	63%	$3,818,519
PUMPING				
Supervision & Engineering	$0	$0	-	$0
Operating Expense - Pumping	0	0	0%	0
Maint of Structures & Grounds	3,103	45,915	177%	17,813
Maint of Pumping Equipment	3,235	29,019	47%	28,382
Electric Power	11,951	215,894	86%	221,537
PUMPING	$18,289	$290,828	85%	$267,732
OPERATIONS				
Supervision & Engineering	$17,029	$156,798	93%	$195,401
Operating Expense - Operations	28,607	243,093	96%	314,246
Maintenance Expense	1,480	28,184	50%	39,004
Telemetry Equipment/Controls Maint	4,341	78,735	92%	70,423
Leased Lines	1,384	12,521	74%	12,575
OPERATIONS	$52,841	$519,331	90%	$631,649

NOVATO WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 2019

	MARCH 2019	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
WATER TREATMENT				
Supervision & Engineering	$5,505	$124,474	82%	$140,007
Operating Expense - Water Treatment	19,934	135,593	35%	195,180
Purification Chemicals	11,932	141,419	31%	353,160
Sludge Disposal	5,799	60,460	51%	79,553
Maint of Structures & Grounds	5,694	43,282	36%	38,856
Maint of Purification Equipment	21,701	144,471	71%	176,909
Electric Power	10,350	95,632	61%	124,967
Water Quality Programs	7,160	84,825	73%	101,278
Laboratory Direct Labor	27,414	266,842	62%	300,244
Lab Service-Outside Clients	1,718	28,201	53%	25,296
Water Quality Supervision	6,610	51,031	60%	66,888
Laboratory Supplies & Expense	7,588	44,069	55%	53,727
Customer Water Quality	4,298	30,651	41%	33,746
Lab Cost Distributed	(2,243)	(19,115)	76%	(25,275)
WATER TREATMENT	$133,460	$1,231,836	51%	$1,664,536
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	$42,083	$390,821	60%	$484,664
Maps & Records	9,048	103,173	57%	110,560
Operation of T&D System	7,367	102,806	47%	112,302
Facilities Location	15,519	129,537	107%	102,024
Safety: Construction & Engineering	5,101	42,693	64%	31,775
Customer Service Expense	16,247	188,736	95%	147,121
Flushing	15,008	48,550	167%	23,397
Storage Facilities Expense	4,395	72,457	58%	66,929
Cathodic Protection	0	6,342	37%	10,331
Maint of Valves/Regulators	9,590	54,385	24%	132,516
Maint of Mains	8,412	116,316	77%	143,147
Leak Detection - Mains	769	8,417	210%	2,217
Backflow Prevention Program	13,691	135,543	57%	144,588
Maint of Copper Services	6,507	84,654	45%	94,005
Maint of PB Service Lines	53,001	459,130	98%	298,370
Single Service Installations	17,383	55,386	-	18,551
Maint of Meters	7,584	78,693	74%	89,403
Detector Check Assembly Maint	6,764	70,837	101%	47,130
Maint of Hydrants	1,633	12,833	16%	17,568
TRANSMISSION & DISTRIBUTION	$240,102	$2,161,309	69%	$2,076,599
CONSUMER ACCOUNTING				
Meter Reading	$3,641	$63,696	31%	$120,350
Collection Expense - Labor	1,991	19,985	51%	17,304
Collection Expense - Agency	160	1,649	55%	2,308
Billing & Consumer Accounting	16,857	150,116	66%	211,719
Contract Billing	1,612	11,900	66%	12,712
Stationery, Supplies & Postage	4,992	38,763	70%	40,227
Online Payment Processing Fees	980	41,509	134%	38,082
Lock Box Service	912	8,208	75%	8,208
Uncollectable Accounts	(274)	10,589	76%	11,499
Office Equipment Expense	1,366	6,022	22%	18,496
Distributed to West Marin (4.1%)	(1,142)	(10,829)	68%	(13,681)
CONSUMER ACCOUNTING	$31,096	$341,608	55%	$467,225

NOVATO WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 2019

	MARCH 2019	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
WATER CONSERVATION				
Residential	$16,640	$179,303	60%	$168,271
Commercial	944	5,926	31%	5,106
Public Outreach/Information	6,897	29,554	76%	18,661
Large Landscape	1,264	16,632	72%	22,810
TOTAL WATER CONSERVATION	$25,744	$231,414	61%	$214,848
GENERAL AND ADMINISTRATIVE				
Directors Fees	$2,557	$25,822	66%	$27,338
Legal Fees	2,919	15,393	81%	14,251
Human Resources	1,701	83,799	131%	46,044
Auditing Fees	1,050	21,562	108%	19,706
Consulting Services/Studies	51,469	173,535	44%	145,072
General Office Salaries	86,080	783,939	60%	1,065,501
Safety: General District Wide	4,622	26,590	44%	27,133
Office Supplies	4,228	17,763	38%	18,155
Employee Events	1,500	10,099	84%	10,256
Other Administrative Expense	709	5,090	32%	9,131
Election Cost	18,915	18,915	-	0
Dues & Subscriptions	759	79,906	109%	53,095
Vehicle Expense	676	6,084	76%	6,253
Meetings, Conferences & Training	10,365	86,755	38%	118,417
Recruitment Expense	0	967	32%	1,892
Gas & Electricity	2,478	22,888	59%	24,750
Telephone	38	3,878	48%	4,890
Water	0	1,456	73%	1,552
Buildings & Grounds Maint	5,898	42,772	81%	39,142
Office Equipment Expense	8,501	80,187	62%	72,876
Insurance Premiums & Claims	7,547	76,399	60%	68,717
Retiree Medical Benefits	15,416	147,502	86%	129,901
(Gain)/Loss on Overhead Charges	69,012	774,790	-1987%	(84,987)
G&A Applied to Other Operations (5.9%)	(14,415)	(106,680)	74%	(119,769)
G&A Applied to Construction	(36,153)	(269,842)	64%	(251,812)
GENERAL & ADMINISTRATIVE	$245,871	$2,129,570	96%	$1,447,504
Depreciation (Note 5)	226,994	2,056,831	73%	2,052,065
TOTAL OPERATING EXPENSE	$1,301,998	$13,220,689	69%	$12,640,677
OPERATING INCOME/(LOSS)	($81,307)	$969,865	80%	$1,933,132

NOVATO WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 2019

	MARCH 2019	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Interest:				
General Funds	$0	$0	0%	$0
Wohler Pipeline Financing Fund	0	3,098	77%	6,362
Collector #6 Financing Fund	0	12,181	72%	25,002
Retiree Medical Insurance Fund	18,735	126,912	325%	61,343
Self-Insured Workers' Comp Fund	2,417	15,047	251%	9,166
Aqueduct Energy Efficiency Proj Fund	132	899	-	567
Funds Held in County Treasury	0	9,816	327%	2,935
Total Interest Revenue	$21,284	$167,953	173%	$105,376
Rents & Leases	5,004	75,771	91%	83,967
Other Non-Operating Revenue	229	60,942	122%	35,616
Gain/(Loss) on MV of Investments	5,854	26,854	-	(23,090)
NON-OPERATING REVENUE	$32,372	$331,521	144%	$201,869
NON-OPERATING EXPENSE				
Bank of Marin AEEP Loan Interest Exp	$14,105	$128,696	75%	$137,380
STP SRF Loan Interest Expense	20,401	180,322	74%	192,183
Debt Issuance Costs	0	0	-	85,030
JP Morgan/Chase AMI Loan Interest Expense	9,774	89,861	77%	9,109
Other Non-Operating Expense	185	1,314	7%	1,577
NON-OPERATING EXPENSE	$44,465	$400,194	72%	$425,278
NET INCOME/(LOSS)	($93,400)	$901,192	102%	$1,709,722
BEGINNING FUND EQUITY		$74,211,063		$79,268,844
NET INCOME/(LOSS)	(93,400)	901,192		1,709,722
CONTRIBUTED CAPITAL				
SCWA 84 Water Conservation Grant	0	18,539	62%	45,229
Developer 'In-Kind' Contributions	55,416	285,438	-	151,114
Caltrans AEEP Capital Contribution	160	18,716	1872%	1,193
MMWD AEEP Capital Contribution	0	245,000	100%	245,000
Connection Fees	718,780	824,580	121%	737,800
FRC Transfer to/from Recycled Water	(4,513)	1,364,598	-109%	(5,582,035)
ENDING FUND EQUITY		$77,869,126		$76,576,867

NOVATO RECYCLED WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 2019

	MARCH 2019	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Recycled Water Sales	$2,622	$766,501	66%	$565,817
Bimonthly Service Charges	7,618	47,640	116%	25,425
Water Loads	100	2,460	-	1,625
Account Turn-on Charges	20	148	-	26
TOTAL OPERATING REVENUE	$10,360	$816,748	68%	$592,893
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Purchased Water - NSD	$60,431	$214,721	102%	$78,313
Purchased Water - LGVSD	24,188	45,830	73%	29,789
SOURCE OF SUPPLY	$84,619	$260,550	95%	$108,102
PUMPING				
Maint of Pumping Equipment	$0	$225	11%	$0
Electric Power	107	3,231	108%	2,253
PUMPING	$107	$3,456	69%	$2,253
OPERATIONS				
Supervision & Engineering	$947	$6,404	43%	$7,870
Operating Expense - Operations	0	6,819	34%	5,287
Potable Water Consumed	4	192,599	1751%	6,213
Maintenance Expense	0	409	8%	18,185
Telemetry Equipment/Controls Maint	175	1,685	13%	9,467
OPERATIONS	$1,126	$207,916	325%	$47,022
WATER TREATMENT				
Purification Chemicals	$0	$2,622	66%	$1,977
Maint of Purification Equipment	0	3,537	24%	11,310
Electric Power	0	0	0%	0
Laboratory Direct Labor	452	3,187	46%	923
Customer Water Quality	0	196	-	0
Lab Expense Distributed from Novato	254	1,796	60%	566
WATER TREATMENT	$705	$11,338	37%	$14,775
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	$285	$2,607	11%	$1,600
Maps & Records	0	0	0%	0
Operation of T&D System	0	0	0%	2,229
Facilities Location	406	406	-	112
Cathodic Protection	0	0	0%	0
Customer Service Expense	0	4,306	25%	0
Storage Facilities Expense	16	392	4%	1,429
Maint of Valves/Regulators	0	0	0%	488
Maint of Meters	0	0	0%	717
TRANSMISSION & DISTRIBUTION	$707	$7,711	14%	$6,575

NOVATO RECYCLED WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 2019

	MARCH 2019	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
CONSUMER ACCOUNTING				
Distributed from Novato (0.2%)	$83	$803	80%	$662
CONSUMER ACCOUNTING	$83	$803	80%	$662
GENERAL AND ADMINISTRATIVE				
Distributed from Novato (2.4%)	$5,427	$40,166	79%	$40,851
GENERAL & ADMINISTRATIVE	$5,427	$40,166	79%	$40,851
Depreciation (Note 5)	39,486	355,368	75%	355,515
TOTAL OPERATING EXPENSE	$132,261	$887,308	93%	$575,755
OPERATING INCOME/(LOSS)	($121,901)	($70,559)	(29%)	$17,138
NON-OPERATING REVENUE				
Interest:				
General Funds	$0	$354	4%	$4,695
RWF Replacement Fund	6,644	39,482	-	9,095
Self-Insured Workers' Comp Fund	43	268	-	0
StoneTree RWF Loan	3,330	38,180	132%	34,391
Total Interest Revenue	$10,018	$78,284	201%	$48,181
Other Non-Operating Revenue	0	0	-	0
NON-OPERATING REVENUE	$10,018	$78,284	201%	$48,181
NON-OPERATING EXPENSE				
RWF SRF Loan Interest Expense	$4,397	$38,849	73%	$43,382
Expansion SRF Loan Interest Expense	20,154	207,630	88%	140,239
Other Non-Operating Expense	0	3,354	-	0
NON-OPERATING EXPENSE	$24,550	$249,833	87%	$183,622
NET INCOME/(LOSS)	($136,433)	($242,108)	2690%	($118,303)
BEGINNING FUND EQUITY		$24,764,880		$17,146,483
NET INCOME/(LOSS)	(136,433)	(242,108)		(118,303)
FRC Transfer to/from Novato	4,513	(1,364,598)	-109%	5,582,035
RW Central Area Expansion Grant	0	0	-	1,752,088
ENDING FUND EQUITY		$23,158,174		$24,362,303

WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 2019

	MARCH 2019	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Water Sales	$38,562	$568,467	83%	$522,517
Bill Adjustments	(1,475)	(30,586)	-	(16,283)
Bimonthly Service Charges	15,432	138,888	75%	132,908
Account Turn-on Charges	0	792	79%	797
New Account Charges	0	125	13%	110
Returned Check Charges	0	18	-	9
Backflow Service Charges	0	4,390	88%	4,051
TOTAL OPERATING REVENUE	$52,519	$682,093	78%	$644,108
OPERATING EXPENSE				
SOURCE OF SUPPLY				
Supervision & Engineering	$146	$531	-	$724
Operating Expense	180	3,954	66%	2,302
Maint of Structures	4	8,740	109%	8,200
Water Quality Surveillance	161	572	57%	535
Purchased Water - MMWD	0	322	-	0
SOURCE OF SUPPLY	$491	$14,119	94%	$11,761
PUMPING				
Maint of Structures and Grounds	$228	$7,026	141%	$397
Maint of Pumping Equip	2,205	2,602	29%	17,999
Electric Power	3,310	30,761	110%	19,978
PUMPING	$5,743	$40,389	96%	$38,374
OPERATIONS				
Supervision & Engineering	$2,715	$13,499	112%	$13,245
Operating Expense	2,238	12,031	80%	6,817
Maint of Telemetry Equipment	641	11,315	57%	12,913
Leased Lines	345	3,049	61%	3,593
OPERATIONS	$5,939	$39,893	77%	$36,568
WATER TREATMENT				
Supervision & Engineering	$477	$5,162	74%	$3,304
Operating Expense	3,164	20,082	100%	27,619
Purification Chemicals	0	4,012	80%	1,698
Maint of Structures & Grounds	0	8	1%	292
Maint of Purification Equipment	1,041	8,888	36%	10,152
Electric Power	4,309	20,593	98%	16,448
Laboratory Direct Labor	2,736	26,431	61%	35,166
Laboratory Services	453	6,649	166%	2,705
Water Quality Supervision	258	6,212	69%	1,623
Customer Water Quality	425	3,342	67%	1,954
Lab Expense Distributed from Novato	1,537	14,838	78%	21,554
WATER TREATMENT	$14,400	$116,217	73%	$122,513

WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 2019

	MARCH 2019	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
TRANSMISSION & DISTRIBUTION				
Supervision & Engineering	$602	$3,628	17%	$4,364
Maps & Records	0	0	0%	0
Facilities Location - USA	744	6,175	47%	12,609
Customer Service Expense	885	6,653	95%	9,148
Storage Facilities Expense	2,072	13,888	53%	11,789
Cathodic Protection	0	1,464	37%	1,394
Maint of Valves	0	899	15%	378
Valve Operation Program	0	4,889	244%	0
Maint of Mains	0	6,014	120%	7,924
Water Quality Maintenance	0	407	20%	1,700
Maint of Backflow Devices	0	0	0%	1,056
Backflow Dev Inspection/Survey	0	2,547	127%	6,057
Maint of Copper Services	292	9,532	318%	675
Maint of PB Service Lines	2,928	38,516	138%	19,027
Maint of Meters	40	1,438	29%	2,310
Detector Check Assembly Maint	0	0	0%	1,654
Maint of Hydrants	0	1,582	53%	3,621
Hydrant Operation	0	5,355	268%	0
Single Service Installation	0	7,330	-	8,494
TRANSMISSION & DISTRIBUTION	$7,564	$110,317	77%	$92,200
CONSUMER ACCOUNTING				
Meter Reading	$0	$5,896	49%	$5,852
Collection Expense - Labor	0	26	3%	492
Uncollectable Accounts	0	(298)	-30%	109
Distributed from Novato (3.6%)	931	8,954	69%	11,496
CONSUMER ACCOUNTING	$931	$14,577	54%	$17,949
WATER CONSERVATION				
Water Conservation Program	$728	$3,450	35%	$4,540
TOTAL WATER CONSERVATION	$728	$3,450	35%	$4,540
GENERAL AND ADMINISTRATIVE				
Consulting Services/Studies	$0	$898	7%	$1,874
Distributed from Novato (3.6%)	6,510	48,181	58%	59,996
GENERAL & ADMINISTRATIVE	$6,510	$49,079	51%	$61,870
Depreciation (Note 5)	15,578	140,209	71%	144,357
TOTAL OPERATING EXPENSE	$57,883	$528,251	71%	$530,132
OPERATING INCOME/(LOSS)	($5,364)	$153,843	115%	$113,977

WEST MARIN WATER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 2019

	MARCH 2019	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
NON-OPERATING REVENUE				
Interest - General Funds	$0	$19,635	-	$5,416
Interest - FRC	402	2,697	67%	1,321
Interest - Self-Insured WC Fund	81	508	-	119
Interest - Bank of Marin Project Fund	1,973	12,707	127%	9,523
Rents & Leases	0	0	0%	5,000
Tax Proceeds - OL-2 G.O. Bond	0	4	-	2
Tax Proceeds - PR-2 Tax Allocation	102	31,793	58%	30,218
Other Non-Operating Revenue	0	(316)	-	19
NON-OPERATING REVENUE	$2,558	$67,028	92%	$51,618
NON-OPERATING EXPENSE				
Bank of Marin Loan Interest Expense	$2,070	$18,891	73%	$20,166
PRE-1 Revenue Bond Interest Exp	108	975	97%	1,425
PR-6 Revenue Bond Interest Exp	146	1,312	66%	1,725
Other Non-Operating Expense	0	392	-	381
NON-OPERATING EXPENSE	$2,325	$21,571	74%	$23,697
NET INCOME/(LOSS)	($5,131)	$199,300	112%	$141,898
BEGINNING FUND EQUITY		$6,431,493		$6,155,744
NET INCOME/(LOSS)	(5,131)	199,300		141,898
CONTRIBUTED CAPITAL				
Connection Fees	0	8,000	35%	45,600
ENDING FUND EQUITY		$6,638,793		$6,343,242

OCEANA MARIN SEWER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 2019

	MARCH 2019	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
OPERATING REVENUE				
Sewer Service Charges	$21,060	$189,540	75%	$178,916
Inspection Fees	0	0	-	300
TOTAL OPERATING REVENUE	$21,060	$189,540	75%	$179,216
OPERATING EXPENSE				
SEWAGE COLLECTION				
Supervision & Engineering	$1,121	$8,817	24%	$10,931
Inspection	0	0	0%	384
Operating Expense	1,907	10,716	107%	6,308
Facilities Location	330	1,577	158%	1,651
Maint of Telemetry Equipment	370	1,718	57%	4,196
Maint of Lift Stations	575	10,446	131%	6,225
Maint of Manholes	0	0	0%	0
Maint of Sewer Mains	0	2,637	88%	0
Electric Power	1,667	11,371	95%	10,247
SEWAGE COLLECTION	$5,969	$47,282	61%	$39,941
SEWAGE TREATMENT				
Operating Expense	$252	$20,511	103%	$31,971
Maint of Structures	0	0	0%	0
Maint of Equipment	1,478	8,174	102%	805
Laboratory Direct Labor	803	4,401	49%	5,150
Lab Expense Distributed from Novato	452	2,481	124%	3,156
Electric Power	851	5,625	94%	6,984
SEWAGE TREATMENT	$3,834	$41,193	88%	$48,065
SEWAGE DISPOSAL				
Operating Expense	$166	$3,379	28%	$6,263
Maint of Pump Stations	0	1,091	16%	1,693
Maint of Storage Ponds	0	3,971	33%	3,650
Maint of Irrigation Field	0	382	5%	2,436
SEWAGE DISPOSAL	$166	$8,823	23%	$14,042
CONSUMER ACCOUNTING				
Collection Expense - County of Marin	$0	$350	-	$345
Distributed from Novato (0.6%)	128	1,072	54%	1,523
CONSUMER ACCOUNTING	$128	$1,422	71%	$1,868

OCEANA MARIN SEWER
DETAIL INCOME STATEMENT
FOR THE PERIOD ENDING MARCH 31, 2019

	MARCH 2019	YEAR TO DATE ACTUAL	YTD/ BUDGET%	PRIOR YTD ACTUAL
GENERAL AND ADMINISTRATIVE				
Consulting Services/Studies	$0	$0	0%	$0
Distributed from Novato (1.1%)	2477	18333	68%	18,923
Liability Insurance	176	1,247	62%	1,427
GENERAL AND ADMINISTRATIVE	$2,653	$19,580	36%	$20,350
Depreciation (Note 5)	3,100	27,895	75%	27,984
TOTAL OPERATING EXPENSE	$15,851	$146,193	57%	$152,250
OPERATING INCOME/(LOSS)	$5,209	$43,347	(867%)	$26,966
NON-OPERATING REVENUE				
Rents & Leases	$0	$250	-	$500
Interest - General Funds	0	4,638	77%	5,314
Interest - Self Insured WC Fund	29	181	-	51
Tax Proceeds - OM-1/OM-3 Tax Alloc	108	33,883	57%	32,204
Other Non-Operating Revenue	0	0	-	1,415
NON-OPERATING REVENUE	$138	$38,952	60%	$39,484
NON-OPERATING EXPENSE				
Other Non-Operating Expense	$0	$764	-	$406
NON-OPERATING EXPENSE	$0	$764	-	$406
NET INCOME/(LOSS)	$5,347	$81,535	136%	$66,044
BEGINNING FUND EQUITY		$1,416,011		$1,340,901
NET INCOME/(LOSS)	5,347	81,535		66,044
CONTRIBUTED CAPITAL				
Contribution in Aid of Construction	0	0	-	244
Connection Fees	0	0	0%	0
ENDING FUND EQUITY		$1,497,545		$1,407,189

NORTH MARIN WATER DISTRICT
ANALYSIS OF WORKERS' COMP AND CONNECTION FEE FUNDS
FOR THE PERIOD ENDING MARCH 31, 2019

WORKERS' COMPENSATION FUND	TOTAL	NOVATO WATER	WEST MARIN WATER	OCEANA MARIN SEWER	RECYCLED WATER
WC Cash Balance 6/30/18	$549,030	$516,563	$17,573	$6,054	$8,840
Less: Projected Prior FY Claims Liability	97,580	90,652	3,513	1,073	2,342
Add: Funds borrowed to subsidize operations	0		0	0	0
WC Reserve Balance 6/30/18	$451,450	$425,911	$14,060	$4,981	$6,498
Add: WC Expense Charged to Operations FYTD	77,064	71,284	2,620	1,002	2,158
Interest Earned	16,004	15,047	508	181	268
Subtotal	$544,519	$512,243	$17,188	$6,164	$8,924
Less: Claims Expense Paid	12,296	11,374	418	160	344
Excess Insurance Premium	51,749	47,867	1,759	673	1,449
Administration Fees	9,000	8,325	306	117	252
WC Reserve Balance 3/31/19	$471,474	$444,677	$14,704	$5,215	$6,878
Add: Projected Claims Liability	91,612	84,741	3,115	1,191	2,565
WC CASH BALANCE 3/31/19	$563,086	$529,418	$17,819	$6,406	$9,443

CONNECTION FEE FUND				
Connection Fee Cash Balance 6/30/18	$102,491	$0	$102,491	$0
Add: funds borrowed to subsidize operations	(11,784,485)	(11,736,872)	0	(47,613)
Connection Fee Reserve Balance 6/30/18	($11,681,994)	($11,736,872)	$102,491	($47,613)
Add: Connection Fees Collected FYTD	832,580	824,580	8,000	0
Repayment Prior Year Loan from RWF	0	0	0	0
Interest Earned	2,697	0	2,697	0
Close out of Wohler & Collector 6 Reserves	2,068,744	2,068,744	0	0
Subtotal	($8,777,973)	($8,843,548)	$113,188	($47,613)
Less: Fees Expended FYTD	472,085	318,653	27,087	126,345
Fees transferred to RWS FYTD (Note 14)	(1,364,598)	(1,364,598)	0	0
Connection Fee Reserve Balance 3/31/19	($7,885,459)	($7,797,604)	$86,102	($173,958)
Less: Funds borrowed to subsidize operations	($7,971,562)	($7,797,604)	$0	($173,958)
CONNECTION FEE CASH BALANCE 3/31/19	$86,102	$0	$86,102	$0

NORTH MARIN WATER DISTRICT
EQUIPMENT EXPENDITURES
PERIOD ENDING MARCH 31, 2019

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	MARCH 2019	FYTD TOTAL	FY 18/19 BUDGET	(OVER) UNDER	Notes
1 ADMINISTRATION					
a. Website Upgrade	$0	$0	$10,000	$10,000	
b. Timekeeping Software Upgrade	0	0	10,000	10,000	
	$0	$0	$20,000	$20,000	
2 CONSTRUCTION					
a. Pipe Locator	$0	$5,863	$8,000	$2,137	1
b. Fittings & Hose for Emergency Hose Trailer	0	0	6,000	6,000	
	$0	$5,863	$14,000	$8,137	
3 OPERATIONS/MAINTENANCE					
a. Metals Analyzer	$0	$0	$105,000	$105,000	1
b. Autoclave for Lab	0	13,864	27,000	13,136	1
c. Tire Balance Machine	0	0	8,000	8,000	1
d. STP Reclaim Cleaning Pump	0	0	6,000	6,000	1
	$0	$13,864	$146,000	$132,136	
3 VEHICLE & ROLLING EQUIPMENT EXPENDITURES					
a. 5-Yard Diesel Dump Truck With Sliding Bed	$43,890	$43,890	$120,000	$76,110	1
b. 1/2 Ton 4x4 Pickup 4-Door with Shell	701	33,931	40,000	6,069	1
c. STP Equipment Cart	0	14,909	15,000	91	
	$44,590	$92,730	$175,000	$82,270	
TOTAL EQUIPMENT EXPENDITURES	$44,590	$112,457	$355,000	$242,543	

Notes:

(1) Replacement item.

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NORTH MARIN WATER DISTRICT
EXPENDITURES BY CATEGORY
FOR PERIOD ENDING APRIL 30, 2019

	OPERATING EXPENSE	Novato	Recycled	West Marin	Oceana Marin	YTD Total	Annual Budget	YTD Budget %	Prior YTD Actual	% Change
1	Salaries & Benefits	$4,319,315	$27,929	$196,264	$46,645	$4,590,152	$6,942,000	66%	$5,655,586	-18 %
2	Water Purchases	4,176,524	260,550	0	0	4,437,075	6,823,000	65%	4,307,563	3 %
3	Depreciation	2,277,495	394,854	155,787	30,995	2,859,131	3,528,000	81%	2,865,999	-0 %
4	Materials, Services & Supplies	1,274,444	194,914	45,303	30,073	1,544,734	2,064,000	75%	1,308,796	18 %
5	Consulting Services/Studies	206,466	0	898	0	207,364	335,000	62%	199,492	3 %
6	Chemicals	141,419	2,937	4,145	0	148,501	464,000	32%	354,952	-58 %
7	Electric Power	311,526	3,231	51,856	16,996	383,609	477,000	80%	436,489	-12 %
8	Vehicles and Equipment (Distrib)	191,278	970	17,953	3,695	213,896	293,000	73%	209,667	2 %
9	Tools & Supplies (Distrib)	206,907	1,319	11,307	1,800	221,332	188,000	118%	190,122	16 %
10	Retiree Medical Expenses	162,918	0	0	0	162,918	172,000	95%	144,519	12 %
11	Water Conservation Rebates	22,063	0	66	0	22,129	104,000	21%	21,669	2 %
12	Insurance & Claims	83,946	0	0	1,423	85,369	155,000	55%	77,666	9 %
13	Office Supplies & Postage	64,396	0	0	0	64,396	102,000	63%	117,002	-44 %
14	GASB 68 Adjustments	0	0	0	0	0	0	-	0	-
15	Overhead Charges (Gain)/Loss	766,882	0	0	0	766,882	(39,000)	-1,966%	(125,671)	-710 %
16	Distributed Costs (Lab,G&A,ConsAcctg)	(424,410)	42,765	71,973	19,405	(290,268)	(421,000)	69%	(280,962)	3 %
17	**Total Operating Expense**	$13,781,169	$929,469	$555,551	$151,032	$15,417,221	$21,187,000	73%	$15,482,888	-0 %
18	Interest Expense & Other	414,224	174,817	24,022	1,182	614,246	870,000	71%	596,237	3 %
19	**Total Expense**	$14,195,393	$1,104,286	$579,574	$152,214	$16,031,467	$22,057,000	73%	$16,079,125	-0 %
	Warehouse, Shop & Yard									
20	Salaries & Benefits	$138,111	$0	$0	$0	$138,111	$263,000	53%	$168,059	-17 %
21	Materials, Services & Supplies	(109,658)	0	0	0	(109,658)	325,000	-34%	$209,559	-152 %
22	Depreciation	99,695	0	0	0	99,695	0	0%	$108,888	-8 %
23	Distributed Costs	(128,148)	0	0	0	(128,148)	(588,000)	22%	(486,505)	-73 %
24	**Total W/H, Shop & Yard**	$0	$0	$0	$0	$0	$0	-	$0	-
	District Capital Outlay									
25	Salaries & Benefits	$311,070	$22,531	$34,665	$10,030	$378,296	$844,000	45%	$628,080	-39 %
26	Equipment Expenditures	112,457	0	0	0	112,457	355,000	32%	41,656	169 %
27	Debt Principal Payments	901,107	365,669	73,015	0	1,339,790	2,279,000	59%	(3,282,115)	-140 %
28	Materials, Services & Supplies	2,561,055	92,926	42,989	278,532	2,975,501	6,926,000	43%	6,613,506	-55 %
29	**Total District Capital Outlay**	$3,885,689	$481,125	$150,669	$288,562	$4,806,044	$10,404,000	46%	$4,001,126	20 %
	Developer Funded Projects									
30	Salaries & Benefits	$179,277	$0	$2,414	$52,985	$234,676	$232,000	101%	$104,555	124 %
31	Materials, Services & Supplies	182,121	0	(1,835)	13,858	194,144	138,000	141%	160,096	21 %
32	**Total Developer Projects**	$361,398	$0	$579	$66,843	$428,820	$370,000	116%	$264,651	62 %
33	**Total**	$18,442,480	$1,585,411	$730,821	$507,619	$21,266,331	$32,831,000	65%	$20,344,902	4 %

NORTH MARIN WATER DISTRICT
VEHICLE FLEET ANALYSIS
FOR PERIOD ENDING MARCH 31, 2019

					Fiscal Year to Date						Vehicle Cost per Mile			
	Year	Description	Veh#	Assigned	Mileage	Expense[1]	Recovery[2]	Gain/(Loss)	Mileage	Life to Date	FYTD19	FYTD18	FY17
1	2002	Chev K1500 4x4	47	Watkins	5,896	$4,170	$4,159	($11)	145,600	$0.38	$0.71	$0.35	$0.38
2	2003	Dodge Dakota 4x4	49	Elec/Mech	5,119	$1,903	$2,290	$387	109,333	$0.42	$0.37	$0.54	$0.46
3	2004	Chev C1500	53	Backflow/Pool	2,951	$1,226	$1,336	$111	131,511	$0.46	$0.42	$0.48	$0.46
4	2004	Chev C1500 Xtra Cab	54	Pool	4,381	$2,530	$1,452	($1,077)	105,645	$0.47	$0.58	$0.53	$0.79
5	2005	Honda Civic Hybrid	56	Engineering	638	$558	$470	($89)	80,044	$0.30	$0.88	$0.56	$1.81
6	2005	Honda Civic Hybrid	57	Wtr Cons/Pool	2,004	$888	$1,221	$333	79,780	$0.24	$0.44	$0.28	$0.15
7	2005	Ford Ranger	58	FSR/Pool	2,070	$1,178	$1,105	($73)	132,173	$0.46	$0.57	$0.63	$1.07
8	2006	Chev Colorado	501	Totaled	0	$392	($11)	($404)	145,060	$0.37	-	$0.31	$0.20
8	2007	Chev Colorado	504	Rodriguez	7,731	$3,520	$5,575	$2,055	79,225	$0.42	$0.46	$0.37	$0.36
9	2008	Ford F250 4x4	505	Maintenance	4,591	$2,514	$4,483	$1,969	99,230	$0.77	$0.55	$1.81	$1.80
10	2008	Ford F250 4x4	506	STP	3,580	$3,819	$1,987	($1,831)	75,250	$0.78	$1.07	$0.41	$0.63
11	2008	Chev Colorado 4x4	509	Engineering	5,077	$3,179	$3,720	$541	105,481	$0.35	$0.63	$0.31	$0.29
12	2009	Toyota Prius Hybrid	510	Clark	11,217	$1,641	$4,188	$2,548	130,559	$0.19	$0.15	$0.12	$0.13
13	2010	Ford F150 4x4	511	STP	3,216	$4,328	$2,652	($1,675)	86,312	$0.51	$1.35	$0.39	$0.69
14	2010	Ford F150	512	Kurfirst	5,533	$3,229	$7,850	$4,621	107,630	$0.50	$0.58	$0.54	$0.44
15	2010	Ford F150	513	STP	11,346	$1,943	$2,820	$877	87,512	$0.43	$0.17	$0.56	$0.54
16	2012	Ford F250	515	Reed	7,562	$4,753	$9,953	$5,200	58,380	$0.60	$0.63	$0.40	$0.84
17	2012	Ford F250	516	Castellucci	8,580	$4,712	$9,629	$4,917	65,110	$0.53	$0.55	$0.60	$0.47
18	2014	Ford F150	517	Grisso	1,900	$1,025	$2,386	$1,361	13,145	$0.42	$0.54	$0.45	$0.21
19	2015	Ford F250 4x4	518	Kehoe, Chris	11,893	$5,083	$10,829	$5,746	78,538	$0.41	$0.43	$0.47	$0.41
20	2015	Ford Escape 4X4	520	Arendell	14,441	$4,543	$8,103	$3,560	60,958	$0.25	$0.31	$0.23	$0.18
21	2015	Ford F150 4X4	521	Lemos	5,841	$1,566	$2,483	$916	38,702	$0.28	$0.27	$0.30	$0.17
22	2016	Nissan Frontier	522	Roberto	9,220	$4,050	$6,117	$2,067	37,863	$0.37	$0.44	$0.32	$0.38
23	2017	Ford Escape 4X4	523	Lab	4,248	$1,224	$2,890	$1,666	17,844	$0.29	$0.29	$3.27	$0.30
24	2016	Nissan Frontier	524	Bynum	8,541	$3,939	$8,170	$4,231	20,528	$0.42	$0.46	$0.46	-
25	2018	Ford Cargo Van	526	On-Call	5,177	$1,490	$1,785	$4,231	7,393	$0.96	$0.29	-	-
26	2018	Dodge Ram 2500	527	Corda, Joe	6,892	$5,039	$7,720	$295	6,892	$0.73	$0.73	-	-
27	2019	Chev Colorado 4x4	528	Stompe	1,433	$1,607	$792	$2,681	1,433	$1.12	$1.12	-	-
				Total 3/4 Ton & Under	**161,078**	**76,047**	**116,153**	**45,152**	**2,107,131**	**$0.43**	**$0.47**	**$0.45**	**$0.47**
1	1999	Ford F350 W/Svc Body	19	Pool	1,940	$3,026	$2,624	($402)	137,277	$0.00	$0.00	$1.93	$2.08
2	2002	Int'l 5 Yd Dump	44	Construction	3,624	$5,736	$16,099	$10,363	104,217	$1.76	$1.58	$1.97	$6.81
3	1999	Ford F550 3-Yd Dump	52	Construction	3,496	$2,916	$11,549	$8,633	95,636	$0.00	$0.00	$1.47	$1.68
4	2006	Int'l 4300 Crew	503	Bergstrom/Barrilleaux	3,551	$8,533	$17,793	$9,261	45,019	$1.72	$2.40	$1.30	$3.75
5	2009	Peterbilt 325 Crew	508	Breit/Crew	3,207	$11,510	$18,164	$6,654	35,525	$2.24	$3.59	$1.51	$4.04
6	2012	Int'l 5 Yd Dump	514	Rupp	4,157	$4,938	$13,425	$8,487	39,049	$1.43	$1.19	$1.78	$1.14
7	2015	Int'l 5 Yd Dump	519	Sjoblom	5,717	$7,903	$14,916	$7,013	33,776	$1.10	$1.38	$1.21	$1.10
8	2017	Ford F350 4x4	525	Ielmorini/Davenport	9,367	$4,294	$16,796	$12,502	20,528	$0.44	$0.46	$0.43	$0.52
				Total 1 Ton & Over	**35,059**	**$48,856**	**$111,367**	**$62,511**	**511,027**	**$1.27**	**$1.39**	**$1.24**	**$2.50**

[1] Expense amount shown excludes depreciation (approximately $96,000 for FY19).

2 Recovery is the amount charged to projects and operations to recover the expense of owning and operating the vehicle. Commencing 7/1/17 the recovery rate for vehicles 3/4-ton and under is $7/hr and the recovery rate for vehicles 1-ton and over is $14/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 32,500 miles. Mileage shown is total incurred since District purchase.

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NORTH MARIN WATER DISTRICT
WATER CONSERVATION PROGRAM DETAIL
FOR PERIOD ENDING MARCH 31, 2019

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		Description	COST THRU JUNE 2018	MARCH 2019	FYTD TOTAL	FY 18/19 BUDGET	(OVER) UNDER	TOTAL COST
		NOVATO						
		a. Residential						
1-7700-01	1-7700-26	1 Cash for Grass	$401,449	$1,422	$11,649	$35,000	$23,351	$413,098
1-7700-02	1-7700-27	2 Landscape Efficiency Rebates	23,492	0	246	5,000	4,754	23,738
1-7700-03		3 Fixtures Purchases	45,649	986	5,967	5,000	(967)	51,616
1-7700-06	1-7700-28	4 Washing Machine Rebates	347,112	504	1,486	5,000	3,514	348,597
1-7700-07		5 Demonstration Garden Improvements	54,416	0	0	1,000	1,000	54,416
1-7700-11	1-7700-29	6 Toilet Rebate SF	981,400	1,318	15,445	18,000	2,555	996,845
1-7700-12	1-7700-30	7 Toilet Rebate MF	18,173	0	89	2,000	1,912	18,261
1-7700-13		8 Residential Audits	386,744	2,099	44,063	65,000	20,937	430,807
1-7700-15		9 High Efficiency Toilet Distribution	242,177	0	0	0	0	242,177
1-7700-16		10 Water Waste Ordinance Monitoring	90,875	0	1,463	7,000	5,538	92,337
1-7700-17	1-7700-31	11 Swimming Pool Cover Rebate	3,258	0	206	1,000	794	3,464
1-7700-19	1-7700-32	12 ET Controller Rebate	33,553	0	1,253	5,000	3,747	34,806
1-7700-08		13 Administration	1,419,540	9,018	88,432	130,000	41,568	1,507,971
1-7700-20		14 New Development Wtr Cons Program	88,418	1,291	8,855	15,000	6,145	97,274
1-7700-21	1-7700-33	15 Demand Offset Rebate Program	2,816	0	0	2,000	2,000	2,816
1-7700-23		16 Grant Administration	3,300	0	0	1,000	1,000	3,300
1-7700-24	1-7700-34	17 Hot Water Recirculation Rebate	2,266	0	150	2,000	1,850	2,416
1-7700-25		18 Residential Fill Station	66,421	0	0	0	0	66,421
		b. Commercial						
1-7701-02	1-7701-05	1 Toilet Rebate Program	67,061	0	300	10,000	9,700	67,361
1-7701-03	1-7701-04	2 Commercial Audits	21,608	944	5,626	9,000	3,374	27,233
		c. Public Outreach/Information						
1-8672-16		1 Fall Newsletter	67,368	0	10,603	8,000	(2,603)	77,971
1-8672-17		2 Spring Newsletter	85,224	3,141	3,238	9,000	5,762	88,462
1-8672-18		3 Summer Newsletter	20,290	0	0	0	0	20,290
1-7700-04		4 Public Outreach / H_2O Fair	122,868	1,758	10,931	7,000	(3,931)	133,798
1-7700-05		5 Marketing	150,716	1,998	4,552	15,000	10,448	155,268
1-7700-22		6 Public Outreach/Leadership Novato	11,098	0	230	0	(230)	11,327
		d. Large Landscape						
1-8653-02		1 Large Landscape Audits	90,427	0	261	3,000	2,739	90,689
1-7702-01		2 Large Landscape Budgets	37,883	0	544	1,000	456	38,427
1-7702-02	1-7702-04	3 Large Landscape Irrig Efficiency Rebates	14,460	0	0	4,000	4,000	14,460
1-8653-01		4 CIMIS Station Maintenance	18,866	15	600	2,000	1,400	19,466
1-7702-03		5 Administration-Large Landscape	71,730	1,248	15,227	13,000	(2,227)	86,957
		TOTAL NOVATO WATER CONSERVATION	$4,990,655	$25,743	$231,414	$380,000	$148,586	$5,222,069
		WEST MARIN WATER						
2-5166-00		a. Water Conservation Program	$89,054	$728	$3,450	$10,000	$6,550	$92,505
		TOTAL WATER CONSERVATION EXPENDITURES	$89,054	$728	$3,450	$10,000	$6,550	$92,505

NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING MARCH 31, 2019

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	Description	COST THRU JUNE 2018	MARCH 2019	FYTD TOTAL	FY 18/19 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
	1 PIPELINE REPLACEMENTS/ADDITIONS						
	a. Main/Pipeline Replacements						
1-7161-00	1. Ridge Road 6" ACP (8" @ 1,400')	$682,854	($23,225)	$64,959	$140,000	$75,041	$747,814
1-7176-00	2 Replace Shady Lane Service Saddles	4,548	0	26,823	100,000	73,177	31,370
	3 Other Main Replacements (60+ years old)	0	0	0	160,000	160,000	0
1-7161-01	4 Ridge Road 6" ACP-Materials Purchase	67,832	0	0	0	0	67,832
1-7179-00	5 Bel Marin Keys/101 On Ramp Pipe Repair	0	0	48,209	0	(48,209)	48,209
1-7180-00	6 Montego Keys Pipeline Replacement	0	0	0	0	0	0
	b. Main/Pipeline Additions						
1-7150-00	1 San Mateo Inlet/Outlet Pipe (2,200')	45,348	566	4,506	500,000	495,494	49,854
	c. PB Service Line Replacements						
1-7169-00	1 Country Lane 2" Plastic	7,445	110,439	118,177	150,000	31,823	125,622
1-7123-22	2 Repl PB-Brooke/Robinhood/McIntosh/Charmaine/Timothy	66,286	0	26,642	0	(26,642)	92,928
1-7177-00	3 Rush Creek Pipe Protection	0	0	65	0	(65)	65
1-7123-24	4 Repl PB-Lanham Village (32)	0	17,329	18,894	0	(18,894)	18,894
1-7139-21	5 PB Repl-Lamont Ave	3,155	3,298	5,147	0	(5,147)	8,302
	d. Relocations to Sync w/City & County CIP						
1-8737-xx	1 Other Relocations	0	0	0	70,000	70,000	0
1-8737-06	2 Montego Keys Pipeline Replacement	0	2,298	12,789	0	(12,789)	12,789
	TOTAL PIPELINE REPLACEMENTS/ADDITIONS	$877,468	$110,705	$326,212	$1,120,000	$793,788	$1,203,680
	e. Aqueduct Replacements & Enhancements						
1-7118-02	1 MSN B2-Utility Agreement Costs[4]	$72,949	$160	$18,716	$0	$0	$91,665
1-7118-11	2 AEEP Post Construction Costs	3,221	152	6,020	0	(6,020)	9,242
1-7118-19	3 AEEP B3 Betterment & Depr Cost	439	(160)	0	0	0	439
		$76,609	$152	$24,736	$0	($6,020)	$101,346
	2 SYSTEM IMPROVEMENTS						
1-7007-12	a. Detector Check Assembly Repair/Repl (~14/yr)	$131,448	$16,588	$19,987	$60,000	$40,013	$151,435
1-7090-04	b. Anode Installations (150/yr)	0	0	0	30,000	30,000	0
1-7157-00	c. Automate Zone Valve	1,016	0	0	100,000	100,000	1,016
1-7158-00	d. Advanced Meter Information Retrofit[1]	3,849,754	(223,606)	1,656,451	2,500,000	843,549	5,506,205
1-7178-00	e. Asset Management Software Procurement/Implementation	0	530	2,679	75,000	72,321	2,679
1-7136-00	f. Facilities Security Enhancements	51,592	5,118	16,195	25,000	8,805	67,786
1-7181-00	g. Novato Fair Shopping Center-Backflow	0	2,800	2,800	0	(2,800)	2,800
	TOTAL SYSTEM IMPROVEMENTS	$4,033,809	($198,569)	$1,698,112	$2,790,000	$1,091,888	$5,731,921
	3 BUILDINGS, YARD, & S.T.P. IMPROVEMENTS						
	a. Administration Building						
1-6501-43	1 Electronic Document Management System	$0	$0	$0	$140,000	$140,000	$0
1-6501-44	2 Office/Yard Building Renovation[2]	52,381	4,768	4,935	250,000	245,065	57,316
	b. Stafford Treatment Plant						
1-6600-89	1 Coat Concrete Clearwells (Both Units)	2,346	(5,568)	560,130	590,000	29,870	562,476
1-6600-92	2 Other Treatment Plant Improvements	0	1,391	4,663	50,000	45,337	4,663
1-6600-91	3 Stafford Spillway Repairs	79,604	0	175	0	(175)	79,779
1-6600-94	4 Bird Netting	0	0	16,445	0	(16,445)	16,445
1-6600-95	5 SCADA Upgrade	0	0	6,174	0	(6,174)	6,174
	TOTAL BUILDING, YARD, & STP IMPROVEMENTS	$134,331	$591	$592,523	$1,030,000	$437,477	$726,853
	4 STORAGE TANKS & PUMP STATIONS						
	a. Tank Construction						
1-6207-20	1 Old Ranch Rd Tank Replacement	$14,394	$1,398	$15,243	$60,000	$44,757	$29,637
	b. Tank Rehabilitation						
1-7170-00	1 Hydropnuematic Tank Repairs	15,145	0	0	30,000	30,000	15,145
1-6205-22	2 Cherry Hill #2 Recoat	0	980	2,052	250,000	247,948	2,052

NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING MARCH 31, 2019

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	Description	COST THRU JUNE 2018	MARCH 2019	FYTD TOTAL	FY 18/19 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
1-6112-24	c. Lynwood Pump Station Motor Control Center	103,098	1,794	17,902	280,000	262,098	121,000
1-6141-00	d. Crest P.S.(Design/Const)/Reloc School Rd P.S.	55,278	5,595	51,515	200,000	148,485	106,792
1-6224-23	e. Wildhorse Valley Tank PG & E Service Relocation	0	729	36,927	0	(36,927)	36,927
	TOTAL STORAGE TANKS & PUMP STATIONS	$187,914	$10,495	$123,639	$820,000	$696,361	$311,553
	5 RECYCLED WATER						
5-7127-00	a. NBWRA Grant Program Administration	$1,307,784	$0	$6,966	$20,000	$13,034	$1,314,750
	b. Other Recycled Water Expenditures	0	0	0	100,000	100,000	0
5-6058-10	c. Expansion to Central Area[3]	1,094,677	109	997	0	(997)	1,095,674
5-6058-15	d. RW Central Right of Way Costs[3]	83,607	0	3,333	0	(3,333)	86,939
5-6058-20	e. RW Central Private Onsite Retrofit[3]	774,727	0	89,728		(89,728)	864,456
5-6058-25	f. RW Central Public Onsite Retrofit[3]	29,338	0	0	0	(0)	29,339
5-6058-30	g. RW Exp-Central-East Side Const[3]	4,072,735	452	5,192	0	(5,192)	4,077,927
5-6058-35	h. RW-Central East-Rowland Way[3]	353,862	0	0	0	0	353,862
5-6058-40	i. RW Exp-Central-West Side Const[3]	6,863,454	899	7,005	0	(7,005)	6,870,459
5-6058-50	j. RW Central-Norman Tank Rehab/Const[3]	1,122,107	0	0	0	0	1,122,107
5-6058-60	k. RW Central-Highway101 Crossing	854,674	0	0	0	0	854,674
5-7162-02	l. So Novato Dual Plumbed Shell Loop	0	0	525	0	(525)	525
	TOTAL RECYCLED WATER	$16,556,966	$1,460	$113,746	$120,000	$6,253	$16,670,713
	6 WEST MARIN WATER SYSTEM						
2-6263-20	a. Replace PRE Tank #4A (25K Gal w/82K Gal)	$199,266	$1,876	$33,643	$625,000	$591,357	$232,909
2-6609-20	b. New Gallagher Well #2	588	42	2,594	90,000	87,406	3,182
2-8829-00	c. PB Replace in Sync w/County Paving	0	0	1,455	50,000	48,545	1,455
2-6601-32	d. TP Solids Handling	197,161	0	7,525	550,000	542,475	204,687
	e. Relocation of Production Meter	0	0	0	10,000	10,000	0
2-7123-23	f. PB Replacement-State Route One	0	0	13,677	0	(13,677)	13,677
2-8912-00	g. Lagunitas Bridge Pipeline Replacement	0	6,114	9,690	0	(9,690)	9,690
2-8737-07	h. Sir Francis Drake Blvd Bridge Replacement	0	0	442	0	(442)	442
2-6601-36	i. Pt Reyes Treatment Plant Security Fence	0	0	4,623	0	(4,623)	4,623
2-6601-37	j. Pt Reyes Treatment Plant Relocate Production Meter	0	0	334	0	(334)	334
2-7182-00	k. WM Brominated-TTHM Reduction	0	501	501	0	(501)	501
	TOTAL WEST MARIN WATER SYSTEM	$397,015	$8,532	$74,483	$1,325,000	$1,250,517	$471,498
	7 OCEANA MARIN SEWER SYSTEM						
8-8672-28	a. Infiltration Repair	$39,195	$0	$0	$40,000	$40,000	$39,195
8-7171-00	b. Pond Dredging & Relining	2,239	0	264,930	400,000	135,070	267,169
8-7173-00	c. OM Treatment Pond Rehab-404 Grant-FEMA	44,610	0	1,664	0	(1,664)	46,274
	TOTAL OCEANA MARIN SEWER SYSTEM	$86,044	$0	$266,594	$440,000	$173,406	$352,638
	TOTAL PROJECT EXPENDITURES	$22,350,156	($66,634)	$3,220,046	$7,645,000	$4,443,670	$25,570,202
	8 LESS FUNDED BY GRANTS, LOANS & REIMBURSEMENTS						
	(Accrued)/Deferred						
	a. RW Expansion - Central Service Area SRF Loan[3]	($2,227,069)	$0	$2,227,069	$0	($2,227,069)	$0
	b. RW Expansion - Central Service Area Grant[3]	(43,026)	0	43,026	0	(43,026)	0
	c. MSN Aqueduct Caltrans Reimb-Segment B2[4]	(1,585)	(160)	(18,716)	0	18,716	(20,301)
	d. Office/Yard Building Renovation[2]	(52,597)	(4,768)	(4,935)	0	4,935	(57,532)
	FUNDING BY OTHERS (ACCRUED)/DEFERRED	($2,324,277)	($4,928)	$2,246,444	$0	($2,246,444)	($77,833)
	Received						
	a. RW Expansion - Central Service Area SRF Loan[3]	($4,883,337)	$0	($2,227,069)	($2,227,069)	$0	($7,110,406)
	b. RW Expansion - Central Service Area Grant[3]	(5,988,079)	0	(43,026)	($43,026)	0	(6,031,105)
	c. MSN Aqueduct Caltrans Reimb-Segment B2[4]	(59,974)	0	0	0	0	(59,974)
	d. Office/Yard Building Renovation[2]	0	0	0	(250,000)	(250,000)	0
	FUNDING BY OTHERS RECEIVED	($10,931,390)	$0	($2,270,095)	($2,520,095)	($250,000)	($13,201,485)

NORTH MARIN WATER DISTRICT
CAPITAL IMPROVEMENT PROJECTS
PERIOD ENDING MARCH 31, 2019

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Description	COST THRU JUNE 2018	MARCH 2019	FYTD TOTAL	FY 18/19 BUDGET	(OVER)/UNDER BUDGET	TOTAL COST
NET PROJECT EXPENDITURES	$9,094,489	($71,562)	$3,196,394	$5,124,905	$1,947,226	$12,290,884

CIP SUMMARY-GROSS EXPENDITURES:	Current Month	FYTD Total	FY 18/19 Budget	FYTD/ Budget%
Novato Water Capital Projects	($76,626)	$2,765,222	$5,760,000	48%
Novato Recycled Water Capital Projects	1,460	113,746	120,000	95%
West Marin Water Capital Projects	8,532	74,483	1,325,000	6%
Oceana Marin Sewer Capital Projects	0	266,594	440,000	61%
Gross Capital Improvement Project Outlays	($66,634)	$3,220,045	$7,645,000	42%

CIP SUMMARY-NET EXPENDITURES:	Current Month	FYTD Total	FY 18/19 Budget	FYTD/ Budget%
Novato Water Capital Projects	($81,555)	$2,741,571	$5,510,000	50%
Novato Recycled Water Capital Projects	1,460	113,746	(2,150,095)	-5%
West Marin Water Capital Projects	8,532	74,483	1,325,000	6%
Oceana Marin Sewer Capital Projects	0	266,594	440,000	61%
Net Capital Improvement Project Outlays	($71,562)	$3,196,394	$5,124,905	62%

Notes to Capital Improvement Projects Schedule:

(1) FY18 Radio Read Meter Retrofit cost funded by $4.6M Loan. Loan origination fee is $85,300.
(2) Office/Yard Refurbish to be funded by Bank Loan.
(3) $11.7M RW Central Expansion funded by Federal Grants, SRF Loan, local contribution & Marin Country Club contribution. Debt service paid from FRC Funds.
(4) Funding provided 100% by Caltrans.

CONSULTING SERVICES/STUDIES						
1-4055-00 a. Stafford Lake Sanitary Survey	$12,762	$0	$461	$0	($461)	$13,223
1-4056-00 b. Novato Creek Steelhead Recovery	45,121	0	336	0	(336)	45,457
1-4057-00 c. Local Water Supply Enhancement Study	0	0	0	150,000	150,000	0
1-7039-02 d. Novato Water Master Plan Update	76,946	25,276	92,507	30,000	(62,507)	169,453
1-4058-10 e. 2018 Cost of Service Study Peer Review	0	1,547	20,912	30,000	9,088	20,912
1-4058-20 f. 2019 Cost of Service Study	0	0	0	0	0	0
1-4059-00 g. Stafford Lake Water Rights Update	0	0	0	50,000	50,000	0
1-4060-00 h. STP Efficiency Improvements	0	21,541	23,569	75,000	51,431	23,569
1-4063-00 i. Novato Asset Management Study	50,336	13,575	33,536	0	(33,536)	83,872
1-4073-00 j. Surplus Property	200	0	0	0	0	200
2-4061-00 k. Digitize West Marin Water Facility Maps	17,559	0	898	0	(898)	18,457
	$202,924	$61,940	$172,219	$335,000	$162,781	$375,143

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 X 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. The restricted cash Wohler Pipeline Financing Fund account and the related reserve account have been closed as of 10/31/18.

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 X 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. The restricted cash Collector #6 Financing Fund account and the related reserve account have been closed as of 10/31/18.

AMI Project Fund: The District received a $4.6 million loan from Chase Bank in March 2018 to fund the Automated Meter Information System Project. The 15-year, 2.69% annual percentage rate loan requires semi-annual payments and will be fully amortized on 3/1/2033. The fund is reduced by project expenditures and once all loan proceeds are disbursed, the fund will be closed. The fund balance does not accrue interest.

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 10/27/2031. In June 2012 the Board authorized reallocating $1 million of this loan to West Marin Water to repay Novato Water $223,000 owed for previous loans to fund Long Range Improvement Projects and the remainder to fund the Solids Handling Facility at the Point Reyes Water Treatment Plant. The unexpended fund balance accrues interest monthly.

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

Recycled Water Capital Replacement and Expansion Fund: The 2011 Interagency Agreements for Recycled Water between NSD, LGVSD & NMWD require that any payments to the Distributor (NMWD) by the End User (Consumers) in excess of actual costs (marginal payments) shall be deposited in this fund. Operation and Maintenance Costs are defined as the actual cost of: labor (including general and administrative overhead plus tools and supplies normally applied), equipment and vehicle charges,

consumables (such as chemicals and electrical power), and spare parts and/or replaced components necessary to reliably treat and deliver recycled water to the End Users. Operation and Maintenance Costs do not include costs for major capital replacement or process changes.

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 Reserve Fund – Marin County Treasury: The 2004 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, commencing January 1, 2010, 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 Reserve 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 ($614,299) prior to the construction completion date.

RWS Central SRF Reserve Fund: The State Water Resource Control Board Agreement for the Clean Water State Revolving Fund Loan made for expansion of the Recycled Water System distribution system requires that the District establish a reserve fund equal to one year's debt service ($255,373) prior to the construction completion date.

Note 2 - Designated Cash

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 $1,000,000. See schedule on page 21.

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 20 years of NMWD service at the date of retirement. NMWD's contribution toward the chosen plan is capped in the same manner as all other NMWD employees in the same class. Coverage terminates for the spouse when the spouse becomes eligible for Medicare, or for both the retiree and spouse when the retiree becomes eligible for Medicare. When the retiree or spouse becomes eligible for Medicare, NMWD pays up to the couple annuitant rate, which is capped at $3,830 per year ($319/month). In August 2003, NMWD transferred $2.55 million ($2.3 million for current retirees plus $250,000 for future retirees) from unrestricted cash into a reserve to fund this obligation. In 2010 the Board directed staff to add $1,500 per employee annually as a payroll overhead to accrue and accelerate amortization of this liability. The accrual is maintained as a Long-Term Liability entitled Retiree Health Benefits Payable. The Total OPEB Liability has a balance of $4.1M. In 2017 an Actuarial Analysis calculated NMWD's total actuarial liability at $5.6 million. The Retiree Medical Benefits cash fund earns interest monthly. Accounting Standards require that the $5.6M reserve by fully funded in 20 years.

Drought Contingency (Rate Stabilization) Fund: In August 2008, the Board directed staff to establish this reserve with $135,000 from the Self-Insured Workers' Compensation Fund for the Novato district to draw upon during dry years. A threshold of 3.2 billion gallons of potable consumption was established as a benchmark for 'normal' years. During any fiscal year that water sales volume exceeds 3.2BG, the incremental revenue generated is deposited into the Drought Contingency Reserve. In those years when sales volume falls below the benchmark, funds are withdrawn from the reserve to maintain the budgeted revenue forecast. The goal is to build a reserve equal to 20% (currently $2,500,000) of budgeted annual water commodity sales. In FY09 $50,335 was added to the reserve. The fund was fully depleted in FY10. The fund balance accrues interest monthly.

Maintenance Accrual Fund: Established in FY91 to provide a source of maintenance money for replacement of treatment, storage, transmission and distribution facilities as they wear out. The annual contribution from operating reserves was initially $200,000. Net polybutylene claim settlement proceeds

of $671,060 were closed into the fund in FY93. In FY94 the annual contribution was reduced to $100,000. The District's goal is to build a reserve equal to 10% of the net book value of Novato's existing plant, currently $7.0M. Funds are borrowed from the Maintenance Accrual Fund to offset the shortfall in unrestricted Cash & Investments. The fund balance does not accrue interest.

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

Note 3 – Employee Loans

Housing Loans: The District's Employer Assisted Housing Program allows up to $300,000 to be loaned to an employee for a period of up to 15 years for the purchase of a home within the District service territory that will enable the employee to respond rapidly to emergencies affecting the operation of the District. Repayment is due upon sale, termination of employment, or other event as described in the Program. Interest on the loan is contingent upon and directly proportional to the appreciation in value occurring on the purchased property. There are four employee-housing loans currently outstanding totaling $714,200: a $39,200 loan dated September 2004, a $150,000 loan dated November 2007, a $250,000 loan dated March 2015, and a $275,000 loan dated June 2018.

Note 4 – Other Long Term Receivables

The District entered into a temporary water service agreement with Black Point Golf Links in 1999 to provide potable water for StoneTree Golf Course until recycled water was available. In 2006 the District received a $4.3 million 20-year 2.4% SRF loan to finance the Deer Island Recycled Water project, and Black Point Partners agreed to pay the District $3,612,640 in bimonthly payments of $41,762 at 2.4% coinciding with StoneTree's water service payments. The final payment from StoneTree is due in February 2024.

In 2015 the District entered into an agreement with Marin Country Club for their share of the pipeline extension to provide recycled water for the Marin Country Club Golf Course. In 2016 the District received a $6.6 million 30-year 1.0% SRF loan to finance the Recycled Water Central project, and Marin Country Club agreed to pay the District $1,265,295 in bimonthly payments of $8,142 at 1.0% over 30 years for their share of the pipeline extension. Marin Country Club also agreed to pay $430,463 of the District's local share of the project in bimonthly payments of $8,242 over 10 years at 2.8%, which is the Novato Potable Fund's weighted average cost of debt. The payments will coincide with Marin Country Club's water service payments. Marin Country Club paid the 10 year loan in full in December 2018. The final payment from Marin Country Club for the 30 year loan is due in November 2047.

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:

Facility	Life (Years)
Aqueduct	150
Dam	100
Buildings & Structures	40
Mains	50
Pumping Equipment	25
Water Treatment Equipment	20
Storage & Transmission (16"+) Facilities	50
Distribution Facilities (includes Pump Stations)	50
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 2018-2019

	Service Area	Description	Issue Date	Rate	Original Amount	Payment Due	Final Pmt	FY19 Interest Expense	FY19 Principal Paid	6/30/19 Outstanding Balance
1	Novato	SRF Loan - STP	2004	2.39%	$16,528,850	7/1 & 1/1	7/1/29	$235,405	$809,069	$9,241,578
2	Novato	Bank Marin Loan	2011	3.54%	$7,000,000	27th/mo	10/27/31	$171,462	$310,580	$4,845,316
3	Novato	Chase Loan	2018	2.69%	$4,600,000	3/1 & 9/1	3/1/33	$116,522	$240,000	$4,360,000
							Novato Total	$523,389	$1,359,649	$18,446,894
4	RW TP	SRF Loan	2006	2.4%	$4,302,560	6/19	6/19/27	$52,543	$220,824	$1,968,463
5	RW North	SRF Loans (4)	2013	2.6%	$4,375,605	Varies	Varies	$87,149	$194,743	$3,157,142
6	RW South	SRF Loans (3)	2013	2.2%	$5,359,858	Varies	Varies	$94,132	$238,275	$4,040,446
7	RW Central	SRF Loan	2016	1.0%	$7,130,503	12/18	12/31/47	$53,287	$206,427	$6,924,076
							Recycled Water Total	$287,111	$860,269	$16,090,127
8	PRE	PRE-1 Revenue	1980	5.0%	$240,000	10/1 & 4/1	4/1/20	$1,300	$13,000	$13,000
9	Point Reyes	PR-6 Revenue	1981	5.0%	$217,800	7/1 & 1/1	7/1/21	$1,750	$11,000	$34,000
10	WM Water	Bank Marin Loan	2012	3.54%	$1,000,000	27th/mo	10/27/31	$25,169	$45,590	$710,934
							West Marin Water Total	$28,219	$69,590	$757,934
							FY19 Total	$838,719	$2,289,508	$35,294,955

1. 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. The first payment was made in December 2009.
2. 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 15 below, and note to loan 9 above.
3. In March 2018 Chase Bank made a 15-year 2.69% (APR) loan of $4.6 million to fund the District's Automated Meter Information System Project.

4. In August 2006 the California State Department of Water Resources approved a 2.4% 20-year loan of $4,264,545 for construction of the Deer Island Recycled Water Facility. With the addition of $38,015 in Construction Period Interest, the loan principal totaled $4,302,560. The project was completed in June 2007, and the first payment was made June 19, 2008.
5. In July 2011 the California State Department of Water Resources approved a series of four 2.6% 20-year loans which totaled $4,375,605 for the Recycled Water North Service Area Expansion Project. The projects were completed on October 31, 2012, and the first payment was made in November of 2012.
6. In March 2012 the California State Department of Water Resources approved a series of three 2.2% 20-year loans totaling $5,361,952 for the Recycled Water South Service Area Expansion Project. The projects were completed on September 4, 2013, and the first payment was made in December of 2013.
7. In May 2016 the California State Department of Water Resources approved a 1.0% 30-year loan of $6,592,295 for the Recycled Water Central Service Area Expansion. The project will be completed in December 2017, and the first payment will be made December 31, 2018.
8. 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.
9. 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.
10. 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 2 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 Employer and Employee paid payroll taxes; vacation, sick, floating holiday and comp time leave, Section 125 payments; cancer, long term care and disability insurance premiums; and union dues.

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 (2.78% at 6/30/17); 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 – 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 14 –Connection Fee Transfers from Novato Water To Recycled Water

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

	Expansion Local Share				SRF RWF	Expansion			Transfer	
	North	South	Central	NBWRA	Loan	SRF Loan	CIP	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	$133,659
FY11				$133,319	$22,795			$156,114		$1,175,098
FY12	$233,478	$265,500		$115,883	$22,795			$637,656		($7,088)
FY13				$315,023	$22,795	$464,572		$802,390	$1,970,400	$802,390
FY14	$236,291	$723,525	$4,024	$63,035	$22,795	$500,529		$1,550,200	$1,550,200	$1,550,200
FY15		$17,563	($4,024)	$38,283	$22,795	$614,299		$688,916	$688,916	$688,916
FY16	$0	$0	$66,729	$102,842	$22,795	$614,299		$806,664	$806,664	$806,664
FY17			$362,524	$194,636	$22,795	$614,299	$36,687	$1,230,940	$1,230,940	$1,230,940
FY18			$5,071,512	$38,908	$22,795	$614,299		$5,747,513	$5,747,513	$5,747,513
FY19			($2,171,302)	$6,966		$793,919		($1,370,417)	($1,370,417)	($1,370,417)
	$603,428	**$1,006,589**	**$3,329,463**	**$1,314,751**	**$250,744**	**$4,216,216**	**$36,687**	**$10,757,877**	**$10,757,877**	**$10,757,877**

Note 15 –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.

	FY15	FY16	FY17	FY18	Budget FY19
Net Income/(Loss)	$1,050,523	$91,719	$597,600	$1,860,520	$1,159,000
Depreciation	$3,183,725	$3,286,353	$3,416,507	$3,434,069	$3,528,000
Interest Expense	$847,951	$807,035	$757,935	$833,197	$850,000
Connection Fees	$801,600	$278,690	$1,034,585	$1,455,400	$733,000
Total Available For Debt Service	$5,883,799	$4,463,797	$5,806,627	$7,583,186	$6,270,000
Annual Debt Service	$2,534,473	$2,528,938	$2,527,021	$2,201,451	$3,129,000
Debt Service Coverage Ratio	**2.32**	**1.77**	**2.30**	**3.45**	**2.01**

6

7

Item #7

MEMORANDUM

To: Board of Directors May 3, 2019

From: Rocky Vogler, Chief Engineer RV

Subject: McPhails Phase 1 Water Facilities – 5400 Hanna Ranch Road -APN: 153-220-16 & 19
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RECOMMENDED ACTION: The Board approve authorization of this agreement.

FINANCIAL IMPACT: None: Developer Funded

The project site is located east of US Highway101 and north of State Highway 37, along the northern terminus of Hanna Ranch Road. The project consists of construction of three Office Buildings (A, B and C) in two phases on a 4.91 acre parcel. This agreement pertains only to Lot 1, which will be developed in Phase 1 (see attached map) and includes construction of a 22,000 sq. ft. commercial office / flex space (Building A). In Phase 2, construction of two office buildings (Buildings B & C) is proposed for a total of 40,000 square feet and further water facility improvements will be required.

New Zone 1 water facilities include 820 feet of 8-inch PVC main, 130 feet of 6-inch PVC fire hydrant and fire service laterals, one (1) 6-inch fire service, 4 new commercial fire hydrants, one (1) 1.5-inch potable commercial meter for building A, one (1) 5/8" meter for sanitary sewer (SS) lift station, one (1) 1-inch potable irrigation water meter, and RPP backflow prevention devices for all the meters. The Applicant agrees to connect to the recycled water system for landscape irrigation when it becomes available in the future. The Phase 1 water demand is 8 equivalent dwelling units (EDUs); 2 EDUs for Building A domestic use, 1 EDU for SS lift station, and 5 EDUs for Lot 1 landscape irrigation. Therefore Facilities Reserve Charges (FRCs) for eight (8) EDUs will be collected for Phase 1 improvements.

Sewer service is provided by the Novato Sanitary District.

Environmental Document Review

A Mitigated Negative Declaration was approved on December 18, 2017.

RECOMMENDATION:

That the Board approve authorization of this agreement.

Approved by GM _____

Date 5/3/19

MCPHAIL'S COMMERCIAL DEVELOPMENT
PHASE 1
APN 153-220-16 AND 19

DATE	SCALE	JOB. NO.	DWG. NO.
4/18/19	NTS	2795	MAP

May 02, 2019 - 9:44am U:\2795_Vicinity Map_CC.dwg User: CCHANDRASEKERA

RESOLUTION NO. 19-
AUTHORIZATION OF EXECUTION
OF
WATER SERVICE FACILITIES CONSTRUCTION AGREEMENT
WITH
MCPAHIL'S COMMERCIAL DEVELOPMENT – Phase 1

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 P & K Hanna Ranch, LLC, a California Limited Liability Company, providing for the installation of water distribution facilities to provide domestic and irrigation water service to that certain real property known as 5400 Hanna Ranch Road, Novato, Marin County Assessor's Parcel Number 153-220-16 & -19, NOVATO, 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 7th day of May, 2019, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINED:

(SEAL)

Theresa Kehoe, Secretary
North Marin Water District

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PART ONE
WATER SERVICE FACILITIES CONSTRUCTION AGREEMENT
FOR
MCPHAIL'S COMMERCIAL DEVELOPMENT – Phase 1

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 _____, 2019, by and between NORTH MARIN WATER DISTRICT, herein called "District," and P & K Hanna Ranch, a California Limited Liability Company, 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 Novato and/or the County of Marin, 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 Marin County Assessor's Parcel Number 153-220-16 & -19 and the project known as MCPHAIL'S COMMERCIAL DEVELOPMENT – Phase 1, consisting of one (1) lot 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 is the owner of real property in the District commonly known as 5400 Hanna Ranch Road, Novato (Marin County Assessor's Parcel 153-220-16 & -19); and

WHEREAS, MCPHAIL'S COMMERCIAL DEVELOPMENT – Phase 1 project total water demand is 8 EDUs; and

NOW THEREFORE, the parties hereto agree as follows:

1. 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.

2. 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 6 of this agreement.

3. 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 2795.001 - .002, entitled, "MCPHAIL'S COMMERCIAL DEVELOPMENT – Phase 1", 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 6 hereof.

4. 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 (Bldg A) (included in material estimate).....	One 1 1/2-inch @	$ 0.00	$ 0.00
Meter Charges (Lift Station) (included in material estimate).....	One 5/8-inch @	$ 0.00	$ 0.00
Meter Charges (Irrigation) (included in material estimate).....	One 1-inch @	$ 0.00	$ 0.00
Reimbursement Fund Charges (Bldg A).....	One 1 1/2-inch @	$ 1,540.00	$ 1,540.00
Reimbursement Fund Charges (Lift Station).....	One 5/8-inch @	$ 420.00	$ 420.00
Reimbursement Fund Charges (Irrigation).....	One 1-inch @	$ 1,055.00	$ 1,055.00
Facilities Reserve Charges (Bldg A).....	Two @	$ 28,600.00	$ 57,200.00
Facilities Reserve Charges (Lift Station).....	One @	$ 28,600.00	$ 28,600.00
Facilities Reserve Charges (Irrigation).....	Five @	$ 28,600.00	$143,000.00

Subtotal - Initial Charges..... $ 231,815.00

Estimated District Costs

Pipe, Fittings & Appurtenances.....	$ 32,024.00
District Construction Labor.....	$ 33,404.00
Engineering & Inspection.....	$ 15,266.00
Bulk Materials.....	$ 4,528.00

Subtotal –Estimated District Costs..... $ 85,222.00

Estimated Applicant Installation Costs

Contractor Furnished – Materials.....	$ 17,587.00
Contractor Construction Labor.....	$ 97,750.00
Contractor Furnished Bulk Materials.....	$ 21,446.00
Subtotal- Estimated Applicant Installation Costs.....	**$ 136,783.00**
TOTAL ESTIMATED WATER FACILITIES COSTS.....	**$ 453,820.00**

(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.)

5. In addition to the Initial Charges, Estimated District costs and Contributions, and Estimated Applicant Installation costs set forth in Section 4 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 **$17,587**. The District reserves the right to reject and prohibit installation of all nonconforming materials furnished by the Applicant.

6. 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 4 hereof in the amount of **$317,037**. 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 **$136,783** conditioned upon installation of the facilities and furnishing of bulk materials and a maintenance bond in the amount of **$34,196** 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 4 hereof in the amount of **$136,783** 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.

7. The District has determined that recycled water may be supplied for irrigation in the future and requires that the Applicant's irrigation system be designed to use recycled water per District regulations and specifications. Provisions shall be made, as directed by the District, to allow for connection of Applicant's irrigation system to the recycled distribution main when it becomes available. In the interim, potable water shall be supplied through a potable irrigation water meter with a reduced pressure principle backflow device. When recycled water becomes available, the irrigation system will be connected to the recycled water distribution main per District requirements at the time the connection is made.

8. 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 6 hereof prior to expiration of six (6) months from the date of this agreement, all Initial Charges and estimated costs set forth in Section 4 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 Novato or County of Marin, 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.

9. All extensions of time granted by the City of Novato or the County of Marin 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 4 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 Novato or the County of Marin.

10. 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:

Jack Baker, President

Theresa Kehoe, Secretary

(SEAL)

P & K Hanna Ranch, LLC
"Applicant"

(SEAL)

Paul Thompson, Member

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.

8

MEMORANDUM

To: Board of Directors May 3, 2019

From: Terrie Kehoe, District Secretary

Subject: iPad Pricing and Specifications
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RECOMMENDED ACTION: Approve purchase of iPads for Board of Directors and District Officers (Total of 9)

FINANCIAL IMPACT: $4,589.45

Recently the Board has expressed interest in purchasing new iPads. The original pilot program was done in 2013. Therefore, our current iPads are approaching 9 years and the operating system is becoming outdated with the current software. We currently have approximately $67,000 left in our budget for office equipment. The following are some comparisons submitted by our IT Department.

Newest Models:

10.5 inch iPad Air ← Recommended.
64 GB Wi-Fi only version - $469.99
Total for 9 of this version including 8.5% tax: **$4,589.45**

11 inch iPad Pro
64 GB Wi-Fi only version - $799
Total for 9 of this version including 8.5% tax: **$7,802.24**

12.9 inch iPad Pro
64 GB Wi-Fi only version - $999
Total for 9 of this version including 8.5% tax: **$9,755.24**

Older Models:

9.7in iPad ← Best Deal but older technology may run into same issues.
128 GB Wi-Fi only version - $429
Total for 9 of this version including 8.5% tax: **$4,189.19**

Other Brands:

10.5 inch Samsung Tab S4:
64GB Wi-Fi only version: - $649.99
Total for 9 of this version including 8.5% tax: **$6,347.15**

RECOMMENDATION

Board provides comments and authorizes purchase of new iPads for the Directors and Officers of the Board.

Approved by GM

Date 5/3/19

9

MEMORANDUM

To: Board of Directors May 3, 2019

From: Julie Blue, Auditor-Controller JB

Subj: Rate Increase Letter to West Marin Water and Oceana Marin Sewer Customers
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RECOMMENDED ACTION: Approve Letter to Customers

FINANCIAL IMPACT: $750

California law requires that customers be notified of a water or sewer rate increase at least 45 days prior to the public hearing where the Board considers adoption of said increase. A public hearing is scheduled for Tuesday, June 25, 2019 at 6:00 PM at the Dance Palace in Point Reyes Station. The June 25 public hearing date requires that the notification letters be postmarked no later than May 11, 2019. The letters will be printed in-house and the marginal postage, stationary and copying cost for the 1,017 active customers will be approximately $750.

West Marin Water

The rate increase proposed for West Marin Water customers will generate 3.5% ($30,000 annually) in additional revenue. Consistent with the structure of the increase proposed for Novato customers, both the commodity rate and the bimonthly service charge component of the water bill are proposed to increase 3.5% effective July 1, 2019.

The dollar amount of the increase for each customer will vary based upon their individual water use. The Annual Water Cost Calculator on the District's website allows each customer to see the impact of the proposed increase on their annual water cost based upon their water use over the past 12 months. The median residential customer, assuming no change in water use, would see a 3.5% increase, amounting to $2.10 per month ($25.20 annually).

Oceana Marin Sewer

A 3.5% rate increase (a $3 increase to $93 per month) effective July 1, 2019 is proposed for Oceana Marin sewer service. The increase would generate approximately $8,400 annually and would support projects identified in the 2016 Oceana Marin Master Plan Update. In contrast to the 10% rate increases adopted in 2016 and 2017 to finance the CIP plan on a pay-go basis, the current 5-year financial plan includes a current year increase of 3.5% and subsequent annual 5% rate increases and also forecasts borrowing $400,000 to complete the CIP plan.

The proposed letters are attached for Board review and comment. Legal counsel has reviewed the letters to assure compliance with the notification requirements of California law.

RECOMMENDATION:

Approve mailing the rate increase letters to customers.

Approved by GM

Date 5/3/19

NORTH MARIN WATER DISTRICT

999 Rush Creek Place
P.O. Box 146
Novato, CA 94948-0146

PHONE
415-897-4133

EMAIL
info@nmwd.com

WEB
www.nmwd.com

May 8, 2019

RE: Notice of Proposed Water Cost Increase – West Marin Service Area

Dear Customer:

This letter is to advise you of a **proposed increase to the West Marin water rates** that would take effect on July 1, 2019. It also provides information about a **Public Hearing scheduled on June 25, 2019,** at which time written and oral comments will be considered and a vote on the increase will be taken by the North Marin Water District Board of Directors.

HOW MUCH IS THE PROPOSED RATE INCREASE?

A 3.5% increase in the cost of water is proposed, which would result in an average increase of $2.10 per month (approximately $25 annually) for the typical (median) single-family residential customer who consumes 49,400 gallons of water annually. Those using less than the median would see an increase less than $25 annually, and those using more would be pay more. The increase non-residential customers (commercial, institutional and irrigation accounts) would vary based on water use and meter size. The median non-residential account would also see an annual 3.5% cost increase. A detailed description of the proposed water rate increases is included on page 3.

You can determine the increase in your annual water cost based on your water use over the past year from our website. Insert your NMWD account number and the name on your account into the Rate-Increase Model on NMWD's website at http://www.nmwd.com/accountbalance.php.

REASON FOR THE PROPOSED INCREASE

The District's mission is to meet the expectations of our customers in providing potable water that is reliable, high-quality, environmentally responsible, and reasonably priced. Maintaining and renovating the infrastructure of the rural West Marin Water System is costly. Today the system includes 26 miles of pipeline, over 1 million gallons of finished water storage distributed across 13 tanks, 7 pump stations, 168 fire hydrants, a multitude of valves, 3 wells, and a water treatment plant, all designed to serve 783 customers. Sufficient revenue must be generated to finance the ongoing system operations and infrastructure renovations.

PUBLIC HEARING

A public hearing before the NMWD Board of Directors to consider the proposed sewer service charge increase is scheduled for 6:00 pm, Tuesday, June 25, 2019, at the Dance Palace (503 B Street) in Point Reyes Station.

DIRECTORS: JACK BAKER · RICK FRAITES · JAMES GROSSI ·MICHAEL JOLY · STEPHEN PETTERLE
OFFICERS: DREW McINTYRE, General Manager · TERRIE KEHOE, District Secretary · JULIE BLUE, Auditor-Controller · ROCKY VOGLER, Chief Engineer

You are invited to present oral or written testimony on the proposal at the public hearing. You have the right to protest this proposed rate increase. If you do, you must submit your protest in writing, even if you plan to attend the public hearing. If written protests are submitted by a majority of the affected property owners the proposed increase will not be imposed.

Your written protest must be received prior to the close of the June 25, 2019 public hearing. Written protests must be signed by the property owner and must include a description of the parcel (parcel number or service address). Send or deliver written protests to:

District Secretary
North Marin Water District
PO Box 146
Novato, CA 94948

For more information about the North Marin Water District, including a history of the West Marin Water System, or to view the most recent Coastal Area Water Cost Comparison or the District's audited financial statement, visit NMWD's website at www.nmwd.com or call the District Secretary at (415) 897-4133.

Sincerely,

Drew McIntyre
General Manager

PROPOSED
West Marin Water System Rate Changes
EFFECTIVE JULY 1, 2019

BIMONTHLY SERVICE CHARGE	**Existing**	**Proposed**	**% Increase**
For STANDARD 5/8 x 3/4-INCH METER	$33.00	$34.15	3.5%
For 1-inch residential meter for fire service	$37.50	$38.80	3.5%
For 1-inch meter	$66.00	$68.30	3.5%
For all meters in Paradise Ranch Estates	$50.00	$51.75	3.5%
QUANTITY CHARGE			
Residential Rate Per Dwelling Unit			
First 400 gallons per day	$8.93	$9.24	3.5%
From 401 to 900 gallons per day	$12.37	$12.80	3.5%
From 901+ gallons per day	$19.84	$20.53	3.5%
Commercial, Institutional & Irrigation Rate			
November 1 through May 31	$9.03	$9.35	3.5%
June 1 through October 31	$12.49	$12.93	3.5%
PLUS A HYDRAULIC ZONE CHARGE/1,000 GAL			
Zone			
1 Point Reyes Station	$0.00	$0.00	0%
2 Bear Valley, Silver Hills, Inverness Park & Lower Paradise Ranch Estates (Elevation 0' - 365')	$0.23	$0.24	4.3%
3 Olema	$0.88	$0.91	3.4%
4 Upper Paradise Ranch Estates (Elevation 365'+)	$5.97	$6.18	3.5%
Additional Commodity Rate for Consumers Outside the Improvement District Boundary	$3.57	$3.69	3.4%

NORTH MARIN WATER DISTRICT

999 Rush Creek Place
P.O. Box 146
Novato, CA 94948-0146

PHONE
415-897-4133

EMAIL
info@nmwd.com

WEB
www.nmwd.com

May 8, 2019

RE: Notice of Proposed Oceana Marin Sewer Service Cost Increase

Dear Customer:

This letter is to advise you of a **proposed increase to the Oceana Marin sewer service charge** that would take effect on July 1, 2019. It also provides information about a **Public Hearing scheduled on June 25, 2019,** at which time written and oral comments will be considered and a vote on the increase will be taken by the North Marin Water District Board of Directors.

How much is the proposed rate increase?

Current Oceana Marin sewer service charges are $90/month ($1,080/year). A **3.5% increase** is proposed equaling $93/month ($1,116/year).

How will the proposed increase affect my sewer bill?

Oceana Marin sewer service charges are collected on the Marin County property tax bill, which is rendered annually for the fiscal year period July 1 through June 30. The proposed sewer service charge increase would add $3 per month to the cost of sewer service for all customers in Oceana Marin, resulting in a total annual charge for fiscal year 2019/20 of $1,116 ($93 per month for July 2019 through June 2020).

Why are rates being increased?

In January 2016 the District concluded a Master Plan Update that identified over $3 million in projects necessary to improve the reliability and redundancy of the Oceana Marin Wastewater System. Constructing these improvements will be financially challenging for the 234 customers of the Oceana Marin utility. Even if the projects are constructed over a 20-year period, the cost would still average $150,000 annually. The proposed rate increase, if enacted, would generate $8,400 of additional revenue annually ($36/year X 234 customers). The entire Master Plan Update is available for review at: http://www.nmwd.com/pdfs/agenda/011916.pdf.

Additional rate increases will be necessary in future years as the District continues to improve the reliability of the existing facilities and to construct redundant facilities in order to protect against potential system failure and sewage spills. Prior years' rate increases were in-line with financing the CIP plan on a pay-go basis while the current 5-year financial plan includes annual rate increases of 3.5% for FY 19/20 and 5% thereafter, and forecasts borrowing funds to complete the plan.

DIRECTORS: JACK BAKER · RICK FRAITES · JAMES GROSSI ·MICHAEL JOLY · STEPHEN PETTERLE
OFFICERS: DREW McINTYRE, General Manager · TERRIE KEHOE, District Secretary · JULIE BLUE, Auditor-Controller · ROCKY VOGLER, Chief Engineer

Public Hearing
A public hearing before the NMWD Board of Directors to consider the proposed sewer service charge increase is scheduled for 6:00 pm, Tuesday, June 25, 2019, at the Dance Palace (503 B Street) in Point Reyes Station.

You are invited to present oral or written testimony on the proposal at the public hearing. You have the right to protest this proposed rate increase. If you do, you must submit your protest in writing, even if you plan to attend the public hearing. If written protests are submitted by a majority of the affected property owners the proposed increase will not be imposed.

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District Secretary
North Marin Water District
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Novato, CA 94948

For more information about the North Marin Water District, including a history of the Oceana Marin Sewer System, or to view the most recent Coastal Area Sewer Cost Comparison or the District's audited financial statement, visit NMWD's website at www.nmwd.com or call the District Secretary at (415) 897-4133.

Sincerely,

Drew McIntyre
General Manager

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Item #10

MEMORANDUM

To: Board of Directors

Date: May 3, 2019

From: Robert Clark, Operations / Maintenance Superintendent RC
Julie Blue, Auditor Controller JB

Subject: Enterprise Fleet Management Program for Fleet Vehicles
x:\maint sup\2019\bod\enterprise\efm final.docx

RECOMMENDED ACTION: Authorize the General Manager to enter into a fleet agreement with Enterprise Fleet Management

FINANCIAL IMPACT: Annual savings of $12,000

Fleet Management alternatives have been building interest over the past several years with articles in the various fleet management periodicals about leasing programs. We had been presented a similar proposal in 2013 but were not satisfied with the program at that time. Over the past eight months Enterprise has provided us with an update to their program for consideration and evaluation. During the evaluation of the Enterprise Fleet Management (EFM) program, staff looked at the total cost of ownership for our one-ton and smaller vehicles. For this effort, we included the initial purchase cost, total maintenance (mechanic and materials), fuel costs and resale value. Some of the other components of the evaluation included safety, pride-in-ownership and overall community recognition.

Staff found that – with our current fleet with an average age of 10 years – we are spending $165,000 per year for ownership and operations. With a comparison of a similar 27-vehicle fleet, with an average age of 3 years, an EFM program would spend $144,000 per year. While we do have a safe and reliable older fleet, with a younger fleet age, safety will only improve. We have also seen that our employees take better care of a newer vehicle; this was also a key recognition of the references we spoke with that have been using the EFM program for several years. The same can be said for fleet fuel efficiency – newer vehicles get better gas mileage, a point with which we have been struggling in order to reduce our GHG emissions.

Background Agencies

Staff reached out to several of the agencies currently under contract with the EFM program and found that all of them are managing their fleets with less overall costs, higher employee satisfaction, reduced vehicle down time and much improved fuel efficiencies. Prior to moving to the EFM program these agencies had fleets that varied in size from 30 to 102 vehicles with average vehicle miles over 75, 000 miles and some vehicles with over 250,000 miles. Fleet manages reported that their employees immediately responded with improved work place

satisfaction and their local communities approved of the much improved appearance of the fleet. Water agencies contacted included Elsinore Valley Municipal Water District, Amador Water Agency and Western Municipal Water District. Other local agencies using the EFM program include City of Saint Helena, City of Calistoga, Contra Costa USD, Clear Lake, and the Bay Area Air Quality Management District.

Overall Fleet Costs

Maintenance:

The EFM maintenance program would have a local shop provide service oil changes, brakes (one per life cycle), and tire repair/replacement. Dealerships would cover any warranty items for either an EFM or NMWD maintenance plan. The past six years, the District's average annual maintenance cost for the fleet has been approximately $61,000. In the cost model from EFM, the average annual maintenance cost for a 27-vehicle fleet, could be as low as $10,000 – which is a cost avoidance of $51,000. There are some operational costs not "baked" into the EFM cost, such as time for staff to transport vehicles to and from service providers, but this will still result in a substantial cost savings for overall maintenance. As we transition to a leased fleet, it will continue to be cost-effective to maintain the fleet in-house. See attachments A NMWD Fleet History and B Enterprise Fleet Analysis.

Purchasing/Leasing:

In the past six years, the District has spent on average $50,000 to purchase a new vehicle. With the EFM program, the cost model for a 27-vehicle fleet would have an annual lease cost of $90,000. The District's resale of used vehicles has averaged $5,000 the past six years. With our efforts to keep a vehicle as long as we can (130,000 miles), District vehicles have an average age of 12 years. EFM has a track record of high resale value for used vehicles. In the cost model, the average annual resale value is expected to be $50,000, when returning five vehicles per year. All vehicles will be outfitted with the tool boxes, equipment racks, lights, radios and District decals by the EFM program prior to being delivered. We will have the option to keep these for future use or return at the end of the lease. Each vehicle must be in good working condition at the end of the lease.

Summary:

The program under consideration would transition the NMWD fleet of 1-ton and small, over a five-year period, with six vehicles being changed out each of the first two years and five vehicles changed out the third, fourth and fifth years of the program for a total of 27 vehicles. When we compared the past six years of the Districts total cost of ownership ($169,821) to the

fleet managed in the EFM program ($143,968) there could be as much as $12,000 saved per year in overall fleet operations. Based on conversations with other agencies we will begin the EFM program utilizing our current in house maintenance program and evaluate the efficiencies of adding maintenance to the program later. With the remaining fiscal year fleet funds of $43,000, staff would like to kick off the program this year. If for any reason we want to discontinue with the program we can stop leasing additional vehicles and let the existing leases run the five year course.

Staff recommends execution of the attached fleet lease agreement with Enterprise Fleet Management (Attachment C). The lease agreement has been reviewed and approved by legal counsel. Enterprise Fleet Management account executives will be attending the board meeting to provide a brief presentation and answer questions. Supplemental information developed by Enterprise for the proposed NMWD management program is provided in Attachment D.

RECOMMENDATION: Authorize the General Manager to enter into a fleet agreement with Enterprise Fleet Management.

North Marin Water District - Fleet History Analysis

	Fleet Mix			Fleet Costs			Annual			
Fiscal Year	Fleet Size	Annual needs	Owned	Purchase	Total Maint	Fuel	CAP Plan Budget	Fleet Budget	Net Cash	Sales Income
Average	30	2	30	$49,719	$61,466	$58,637	$58,333	$169,821		$5,289
13	28	2	28	$59,186	$43,474	$80,315	$70,000	$182,975		$8,928
14	31	1	31	$19,467	$83,376	$57,683	$53,000	$160,525		$3,264
15	29	3	29	$83,399	$42,622	$67,179	$56,000	$193,200		$0
16	30	1	30	$23,796	$60,997	$52,840	$50,000	$137,633		$7,824
17	30	2	30	$54,109	$81,582	$45,444	$58,000	$181,135		$0
18	30	2	30	$58,354	$56,743	$48,362	$63,000	$163,459		$11,715

•Average age of fleet over the past six years has been 12.2 years.

•None warrenty maintenance costs have icreased by 15-20 percent. (hybrid vehicle batteries, drivetran and multipal tire changes.)

•Fuel efficiency has been difficult to improve with the older fleet.

ATTACHMENT A

Current Fleet	28	Fleet Growth	-0.82%	Proposed Fleet	27
Current Cycle	9.20	Annual Miles	8,200	Proposed Cycle	5.00
Current Maint.	$143.00	Insurance	$0.00	Proposed Maint.	$31.66
Fuel Info		MPG	14	Price/Gallon	$2.93

Fleet Costs Analysis

Fleet Mix						Fleet Cost					Annual
Fiscal Year	Fleet Size	Annual Needs	Owned	Leased	Purchase	Lease* Incl. Tax	Maintenance	Insurance	Fuel	Fleet Budget	Net Cash
Average	28	3.0	28	0	77,446	0	48,048	0	46,294	171,788	0
'19	27	6	21	6	0	39,702	38,316	0	44,236	122,254	49,534
'20	27	6	14	12	0	76,463	28,583	0	40,464	145,510	26,278
'21	27	5	9	17	0	101,662	21,903	0	38,750	162,315	9,474
'22	27	5	4	22	0	130,069	15,222	0	37,035	182,327	-10,539
'23	27	5	0	27	0	99,940	10,258	0	37,035	147,233	24,555
'24	27	6	0	27	0	84,131	10,258	0	37,035	131,424	40,364
'25	27	6	0	27	0	101,074	10,258	0	37,035	148,367	23,421
'26	27	5	0	27	0	99,384	10,258	0	37,035	146,677	25,111
'27	27	5	0	27	0	98,845	10,258	0	37,035	146,138	25,650
'28	27	5	0	27	0	99,940	10,258	0	37,035	147,233	24,555
								10 Year Savings		$238,402	Avg. Sustainable Savings $27,820

Current Fleet Equity Analysis

YEAR	2019	2020	2021	2022	2023
QTY	6	6	6	5	5
RESALE	$2,500	$3,500	$3,500	$6,500	$8,500
TOTAL	$15,000	$21,000	$21,000	$32,500	$42,500
Estimated Current Fleet Equity**					$132,000

Summary

10 Year Savings	$238,402
Estimated Fleet Equity	$132,000
Net Cash***	$370,402

* Lease Rates are conservative estimates

**Estimated Current Fleet Equity is based on the current fleet "sight unseen" and can be adjusted after physical inspection

***Net Cash is the sum of the 10 year savings from the Fleet Planning Analysis and the Estimated Current Fleet Equity

Key Objectives

- **Lower average age of the fleet**
  - 50% of the fleet is over 10 years old
  - Reduce overall vehicle age from 9.2 to 5
  - Significant advancements in vehicle safety technology, Airbag Standardization, Back up Camera standardization, Electronic Stability Control
- **Reduce operating costs**
  - Reduction in maintenance cost
  - Reduction of fuel expense through Federal Cafe Standards improvement
- **Long Term Sustainability**
  - Quarterly Review and Annual year over year assessments to ensure results are achieved

enterprise FLEET MANAGEMENT

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ATTACHMENT B

enterprise

FLEET MANAGEMENT

MASTER EQUITY LEASE AGREEMENT

This Master Equity Lease Agreement is entered into this _____ day of _____, by and between Enterprise FM Trust, a Delaware statutory trust ("Lessor"), and the lessee whose name and address is set forth on the signature page below ("Lessee").

1. LEASE OF VEHICLES: Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the vehicles (individually, a "Vehicle" and collectively, the "Vehicles") described in the schedules from time to time delivered by Lessor to Lessee as set forth below ("Schedule(s)") for the rentals and on the terms set forth in this Agreement and in the applicable Schedule. References to this "Agreement" shall include this Master Equity Lease Agreement and the various Schedules and addenda to this Master Equity Lease Agreement. Lessor will, on or about the date of delivery of each Vehicle to Lessee, send Lessee a Schedule covering the Vehicle, which will include, among other things, a description of the Vehicle, the lease term and the monthly rental and other payments due with respect to the Vehicle. The terms contained in each such Schedule will be binding on Lessee unless Lessee objects in writing to such Schedule within ten (10) days after the date of delivery of the Vehicle covered by such Schedule. Lessor is the sole legal owner of each Vehicle. This Agreement is a lease only and Lessee will have no right, title or interest in or to the Vehicles except for the use of the Vehicles as described in this Agreement. This Agreement shall be treated as a true lease for federal and applicable state income tax purposes with Lessor having all benefits of ownership of the Vehicles. It is understood and agreed that Enterprise Fleet Management, Inc. or an affiliate thereof (together with any subservicer, agent, successor or assign as servicer on behalf of Lessor, "Servicer") may administer this Agreement on behalf of Lessor and may perform the service functions herein provided to be performed by Lessor.

2. TERM: The term of this Agreement ("Term") for each Vehicle begins on the date such Vehicle is delivered to Lessee (the "Delivery Date") and, unless terminated earlier in accordance with the terms of this Agreement, continues for the "Lease Term" as described in the applicable Schedule.

3. RENT AND OTHER CHARGES:

(a) Lessee agrees to pay Lessor monthly rental and other payments according to the Schedules and this Agreement. The monthly payments will be in the amount listed as the "Total Monthly Rental Including Additional Services" on the applicable Schedule (with any portion of such amount identified as a charge for maintenance services under Section 4 of the applicable Schedule being payable to Lessor as agent for Enterprise Fleet Management, Inc.) and will be due and payable in advance on the first day of each month. If a Vehicle is delivered to Lessee on any day other than the first day of a month, monthly rental payments will begin on the first day of the next month. In addition to the monthly rental payments, Lessee agrees to pay Lessor a pro-rated rental charge for the number of days that the Delivery Date precedes the first monthly rental payment date. A portion of each monthly rental payment, being the amount designated as "Depreciation Reserve" on the applicable Schedule, will be considered as a reserve for depreciation and will be credited against the Delivered Price of the Vehicle for purposes of computing the Book Value of the Vehicle under Section 3(c). Lessee agrees to pay Lessor the "Total Initial Charges" set forth in each Schedule on the due date of the first monthly rental payment under such Schedule. Lessee agrees to pay Lessor the "Service Charge Due at Lease Termination" set forth in each Schedule at the end of the applicable Term (whether by reason of expiration, early termination or otherwise).

(b) In the event the Term for any Vehicle ends prior to the last day of the scheduled Term, whether as a result of a default by Lessee, a Casualty Occurrence or any other reason, the rentals and management fees paid by Lessee will be recalculated in accordance with the rule of 78's and the adjusted amount will be payable by Lessee to Lessor on the termination date.

(c) Lessee agrees to pay Lessor within thirty (30) days after the end of the Term for each Vehicle, additional rent equal to the excess, if any, of the Book Value of such Vehicle over the greater of (i) the wholesale value of such Vehicle as determined by Lessor in good faith or (ii) except as provided below, twenty percent (20%) of the Delivered Price of such Vehicle as set forth in the applicable Schedule. If the Book Value of such Vehicle is less than the greater of (i) the wholesale value of such Vehicle as determined by Lessor in good faith or (ii) except as provided below, twenty percent (20%) of the Delivered Price of such Vehicle as set forth in the applicable Schedule, Lessor agrees to pay such deficiency to Lessee as a terminal rental adjustment within thirty (30) days after the end of the applicable Term. Notwithstanding the foregoing, if (i) the Term for a Vehicle is greater than forty-eight (48) months (including any extension of the Term for such Vehicle), (ii) the mileage on a Vehicle at the end of the Term is greater than 15,000 miles per year on average (prorated on a daily basis) (i.e., if the mileage on a Vehicle with a Term of thirty-six (36) months is greater than 45,000 miles) or (iii) in the sole judgment of Lessor, a Vehicle has been subject to damage or any abnormal or excessive wear and tear, the calculations described in the two immediately preceding sentences shall be made without giving effect to clause (ii) in each such sentence. The "Book Value" of a Vehicle means the sum of (i) the "Delivered Price" of the Vehicle as set forth in the applicable Schedule minus (ii) the total Depreciation Reserve paid by Lessee to Lessor with respect to such Vehicle plus (iii) all accrued and unpaid rent and/or other amounts owed by Lessee with respect to such Vehicle.

(d) Any security deposit of Lessee will be returned to Lessee at the end of the applicable Term, except that the deposit will first be applied to any losses and/or damages suffered by Lessor as a result of Lessee's breach of or default under this Agreement and/or to any other amounts then owed by Lessee to Lessor.

(e) Any rental payment or other amount owed by Lessee to Lessor which is not paid within twenty (20) days after its due date will accrue interest, payable on demand of Lessor, from the date due until paid in full at a rate per annum equal to the lesser of (i) Eighteen Percent (18%) per annum or (ii) the highest rate permitted by applicable law (the "Default Rate").

(f) If Lessee fails to pay any amount due under this Agreement or to comply with any of the covenants contained in this Agreement, Lessor, Servicer or any other agent of Lessor may, at its option, pay such amounts or perform such covenants and all sums paid or incurred by Lessor in connection therewith will be repayable by Lessee to Lessor upon demand together with interest thereon at the Default Rate.

(g) Lessee's obligations to make all payments of rent and other amounts under this Agreement are absolute and unconditional and such payments shall be made in immediately available funds without setoff, counterclaim or deduction of any kind. Lessee acknowledges and agrees that neither any Casualty Occurrence to any Vehicle nor any defect, unfitness or lack of governmental approval in, of, or with respect to, any Vehicle regardless of the cause or consequence nor any breach by Enterprise Fleet Management, Inc. of any maintenance agreement between Enterprise Fleet Management, Inc. and Lessee covering any Vehicle regardless of the cause or consequence will relieve Lessee from the performance of any of its obligations under this Agreement, including, without limitation, the payment of rent and other amounts under this Agreement.

4. USE AND SURRENDER OF VEHICLES: Lessee agrees to allow only duly authorized, licensed and insured drivers to use and operate the Vehicles. Lessee agrees to comply with, and cause its drivers to comply with, all laws, statutes, rules, regulations and ordinances and the provisions of all insurance policies affecting or covering the Vehicles or their use or operation. Lessee agrees to keep the Vehicles free of all liens, charges and encumbrances. Lessee agrees that in no event will any Vehicle be used or operated for transporting hazardous substances or persons for hire, for any illegal purpose or to pull trailers that exceed the manufacturer's trailer towing recommendations. Lessee agrees that no Vehicle is intended to be or will be utilized as a "school bus" as defined in the Code of Federal Regulations or any applicable state or municipal statute or regulation. Lessee agrees not to remove any Vehicle from the continental United States without first obtaining Lessor's written consent. At the expiration or earlier termination of this Agreement with respect to each Vehicle, or upon demand by Lessor made pursuant to Section 14, Lessee at its risk and expense agrees to return such Vehicle to Lessor at such place and by such reasonable means as may be designated by Lessor. If for any reason Lessee fails to return any Vehicle to Lessor as and when required in accordance with this Section, Lessee agrees to pay Lessor additional rent for such Vehicle at twice the normal pro-rated daily rent. Acceptance of such additional rent by Lessor will in no way limit Lessor's remedies with respect to Lessee's failure to return any Vehicle as required hereunder.

5. COSTS, EXPENSES, FEES AND CHARGES: Lessee agrees to pay all costs, expenses, fees, charges, fines, tickets, penalties and taxes (other than federal and state income taxes on the income of Lessor) incurred in connection with the titling, registration, delivery, purchase, sale, rental, use or operation of the Vehicles during the Term. If Lessor, Servicer or any other agent of Lessor incurs any such costs or expenses, Lessee agrees to promptly reimburse Lessor for the same.

6. LICENSE AND CHARGES: Each Vehicle will be titled and licensed in the name designated by Lessor at Lessee's expense. Certain other charges relating to the acquisition of each Vehicle and paid or satisfied by Lessor have been capitalized in determining the monthly rental, treated as an initial charge or otherwise charged to Lessee. Such charges have been determined without reduction for trade-in, exchange allowance or other credit attributable to any Lessor-owned vehicle.

7. REGISTRATION PLATES, ETC.: Lessee agrees, at its expense, to obtain in the name designated by Lessor all registration plates and other plates, permits, inspections and/or licenses required in connection with the Vehicles, except for the initial registration plates which Lessor will obtain at Lessee's expense. The parties agree to cooperate and to furnish any and all information or documentation, which may be reasonably necessary for compliance with the provisions of this Section or any federal, state or local law, rule, regulation or ordinance. Lessee agrees that it will not permit any Vehicle to be located in a state other than the state in which such Vehicle is then titled for any continuous period of time that would require such Vehicle to become subject to the titling and/or registration laws of such other state.

8. MAINTENANCE OF AND IMPROVEMENTS TO VEHICLES:

(a) Lessee agrees, at its expense, to (i) maintain the Vehicles in good condition, repair, maintenance and running order and in accordance with all manufacturer's instructions and warranty requirements and all legal requirements and (ii) furnish all labor, materials, parts and other essentials required for the proper operation and maintenance of the Vehicles. Any alterations, additions, replacement parts or improvements to a Vehicle will become and remain the property of Lessor and will be returned with such Vehicle upon such Vehicle's return pursuant to Section 4. Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, Lessee shall have the right to remove any additional equipment installed by Lessee on a Vehicle prior to returning such Vehicle to Lessor under Section 4. The value of such alterations, additions, replacement parts and improvements will in no instance be regarded as rent. Without the prior written consent of Lessor, Lessee will not make any alterations, additions, replacement parts or improvements to any Vehicle which detract from its economic value or functional utility. Lessor will not be required to make any repairs or replacements of any nature or description with respect to any Vehicle, to maintain or repair any Vehicle or to make any expenditure whatsoever in connection with any Vehicle or this Agreement.

(b) Lessor and Lessee acknowledge and agree that if Section 4 of a Schedule includes a charge for maintenance, (i) the Vehicle(s) covered by such Schedule are subject to a separate maintenance agreement between Enterprise Fleet Management, Inc. and Lessee and (ii) Lessor shall have no liability or responsibility for any failure of Enterprise Fleet Management, Inc. to perform any of its obligations thereunder or to pay or reimburse Lessee for its payment of any costs and expenses incurred in connection with the maintenance or repair of any such Vehicle(s).

9. SELECTION OF VEHICLES AND DISCLAIMER OF WARRANTIES:

(a) LESSEE ACCEPTANCE OF DELIVERY AND USE OF EACH VEHICLE WILL CONCLUSIVELY ESTABLISH THAT SUCH VEHICLE IS OF A SIZE, DESIGN, CAPACITY, TYPE AND MANUFACTURE SELECTED BY LESSEE AND THAT SUCH VEHICLE IS IN GOOD CONDITION AND REPAIR AND IS SATISFACTORY IN ALL RESPECTS AND IS SUITABLE FOR LESSEE'S PURPOSE. LESSEE ACKNOWLEDGES THAT LESSOR IS NOT A MANUFACTURER OF ANY VEHICLE OR AN AGENT OF A MANUFACTURER OF ANY VEHICLE.

(b) LESSOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO ANY VEHICLE, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY AS TO CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, IT BEING AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY LESSEE. THE VEHICLES ARE LEASED "AS IS," "WITH ALL FAULTS." All warranties made by any supplier, vendor and/or manufacturer of a Vehicle are hereby assigned by Lessor to Lessee for the applicable Term and Lessee's only remedy, if any, is against the supplier, vendor or manufacturer of the Vehicle.

(c) None of Lessor, Servicer or any other agent of Lessor will be liable to Lessee for any liability, claim, loss, damage (direct, incidental or consequential) or expense of any kind or nature, caused directly or indirectly, by any Vehicle or any inadequacy of any Vehicle for any purpose or any defect (latent or patent) in any Vehicle or the use or maintenance of any Vehicle or any repair, servicing or adjustment of or to any Vehicle, or any delay in providing or failure to provide any Vehicle, or any interruption or loss of service or use of any Vehicle, or any loss of business or any damage whatsoever and however caused. In addition, none of Lessor, Servicer or any other agent of Lessor will have any liability to Lessee under this Agreement or under any order authorization form executed by Lessee if Lessor is unable to locate or purchase a Vehicle ordered by Lessee or for any delay in delivery of any Vehicle ordered by Lessee.

10. RISK OF LOSS: Lessee assumes and agrees to bear the entire risk of loss of, theft of, damage to or destruction of any Vehicle from any cause whatsoever ("Casualty Occurrence"). In the event of a Casualty Occurrence to a Vehicle, Lessee shall give Lessor prompt notice of the Casualty Occurrence and thereafter will place the applicable Vehicle in good repair, condition and working order; provided, however, that if the applicable Vehicle is determined by Lessor to be lost, stolen, destroyed or damaged beyond repair (a "Totaled Vehicle"), Lessee agrees to pay Lessor no later than the date thirty (30) days after the date of the Casualty Occurrence the amounts owed under Sections 3(b) and 3(c) with respect to such Totaled Vehicle. Upon such payment, this Agreement will terminate with respect to such Totaled Vehicle.

11. INSURANCE:

(a) Lessee agrees to purchase and maintain in force during the Term, insurance policies in at least the amounts listed below covering each Vehicle, to be written by an insurance company or companies satisfactory to Lessor, insuring Lessee, Lessor and any other person or entity designated by Lessor against any damage, claim, suit, action or liability:

(i) Commercial Automobile Liability Insurance (including Uninsured/Underinsured Motorist Coverage and No-Fault Protection where required by law) for the limits listed below (Note - $2,000,000 Combined Single Limit Bodily Injury and Property Damage with No Deductible is required for each Vehicle capable of transporting more than 8 passengers):

State of Vehicle Registration	Coverage
Connecticut, Massachusetts, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont	$1,000,000 Combined Single Limit Bodily Injury and Property Damage - No Deductible
Florida	$500,000 Combined Single Limit Bodily Injury and Property Damage or $100,000 Bodily Injury Per Person, $300,000 Per Occurrence and $50,000 Property Damage (100/300/50) - No Deductible
All Other States	$300,000 Combined Single Limit Bodily Injury and Property Damage or $100,000 Bodily Injury Per Person, $300,000 Per Occurrence and $50,000 Property Damage (100/300/50) - No Deductible

(ii) Physical Damage Insurance (Collision & Comprehensive): Actual cash value of the applicable Vehicle. Maximum deductible of $500 per occurrence - Collision and $250 per occurrence - Comprehensive).

If the requirements of any governmental or regulatory agency exceed the minimums stated in this Agreement, Lessee must obtain and maintain the higher insurance requirements. Lessee agrees that each required policy of insurance will by appropriate endorsement or otherwise name Lessor and any other person or entity designated by Lessor as additional insureds and loss payees, as their respective interests may appear. Further, each such insurance policy must provide the following: (i) that the same may not be cancelled, changed or modified until after the insurer has given to Lessor, Servicer and any other person or entity designated by Lessor at least thirty (30) days prior written notice of such proposed cancellation, change or modification, (ii) that no act or default of Lessee or any other person or entity shall affect the right of Lessor, Servicer, any other agent of Lessor or any of their respective successors or assigns to recover under such policy or policies of insurance in the event of any loss of or damage to any Vehicle and (iii) that the coverage is "primary coverage" for the protection of Lessee, Lessor, Servicer, any other agent of Lessor and their respective successors and assigns notwithstanding any other coverage carried by Lessee, Lessor, Servicer, any other agent of Lessor or any of their respective successors or assigns protecting against similar risks. Original certificates evidencing such coverage and naming Lessor, Servicer, any other agent of Lessor and any other person or entity designated by Lessor as additional insureds and loss payees shall be furnished to Lessor prior to the Delivery Date, and annually thereafter and/or as reasonably requested by Lessor from time to time. In the event of default, Lessee hereby appoints Lessor, Servicer and any other agent of Lessor as Lessee's attorney-in-fact to receive payment of, to endorse all checks and other documents and to take any other actions necessary to pursue insurance claims and recover payments if Lessee fails to do so. Any expense of Lessor, Servicer or any other agent of Lessor in adjusting or collecting insurance shall be borne by Lessee.

Lessee, its drivers, servants and agents agree to cooperate fully with Lessor, Servicer, any other agent of Lessor and any insurance carriers in the investigation, defense and prosecution of all claims or suits arising from the use or operation of any Vehicle. If any claim is made or action commenced for death, personal injury or property damage resulting from the ownership, maintenance, use or operation of any Vehicle, Lessee will promptly notify Lessor of such action or claim and forward to Lessor a copy of every demand, notice, summons or other process received in connection with such claim or action.

(b) Notwithstanding the provisions of Section 11(a) above: (i) if Section 4 of a Schedule includes a charge for physical damage waiver, Lessor agrees that (A) Lessee will not be required to obtain or maintain the minimum physical damage insurance (collision and comprehensive) required under Section 11(a) for the Vehicle(s) covered by such Schedule and (B) Lessor will assume the risk of physical damage (collision and comprehensive) to the Vehicle(s) covered by such Schedule; provided, however, that such physical damage waiver shall not apply to, and Lessee shall be and remain liable and responsible for, damage to a covered Vehicle caused by wear and tear or mechanical breakdown or failure, damage to or loss of any parts, accessories or components added to a covered Vehicle by

Lessee without the prior written consent of Lessor and/or damage to or loss of any property and/or personal effects contained in a covered Vehicle. In the event of a Casualty Occurrence to a covered Vehicle, Lessor may, at its option, replace, rather than repair, the damaged Vehicle with an equivalent vehicle, which replacement vehicle will then constitute the "Vehicle" for purposes of this Agreement; and (ii) if Section 4 of a Schedule includes a charge for commercial automobile liability enrollment, Lessor agrees that it will, at its expense, obtain for and on behalf of Lessee, by adding Lessee as an additional insured under a commercial automobile liability insurance policy issued by an insurance company selected by Lessor, commercial automobile liability insurance satisfying the minimum commercial automobile liability insurance required under Section 11(a) for the Vehicle(s) covered by such Schedule. Lessor may at any time during the applicable Term terminate said obligation to provide physical damage waiver and/or commercial automobile liability enrollment and cancel such physical damage waiver and/or commercial automobile liability enrollment upon giving Lessee at least ten (10) days prior written notice. Upon such cancellation, insurance in the minimum amounts as set forth in 11(a) shall be obtained and maintained by Lessee at Lessee's expense. An adjustment will be made in monthly rental charges payable by Lessee to reflect any such change and Lessee agrees to furnish Lessor with satisfactory proof of insurance coverage within ten (10) days after mailing of the notice. In addition, Lessor may change the rates charged by Lessor under this Section 11(b) for physical damage waiver and/or commercial automobile liability enrollment upon giving Lessee at least thirty (30) days prior written notice.

12. INDEMNITY: Lessee agrees to defend and indemnify Lessor, Servicer, any other agent of Lessor and their respective successors and assigns from and against any and all losses, damages, liabilities, suits, claims, demands, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) which Lessor, Servicer, any other agent of Lessor or any of their respective successors or assigns may incur by reason of Lessee's breach or violation of, or failure to observe or perform, any term, provision or covenant of this Agreement, or as a result of any loss, damage, theft or destruction of any Vehicle or related to or arising out of or in connection with the use, operation or condition of any Vehicle. The provisions of this Section 12 shall survive any expiration or termination of this Agreement.

13. INSPECTION OF VEHICLES; ODOMETER DISCLOSURE; FINANCIAL STATEMENTS: Lessee agrees to accomplish, at its expense, all inspections of the Vehicles required by any governmental authority during the Term. Lessor, Servicer, any other agent of Lessor and any of their respective successors or assigns will have the right to inspect any Vehicle at any reasonable time(s) during the Term and for this purpose to enter into or upon any building or place where any Vehicle is located. Lessee agrees to comply with all odometer disclosure laws, rules and regulations and to provide such written and signed disclosure information on such forms and in such manner as directed by Lessor. Providing false information or failure to complete the odometer disclosure form as required by law may result in fines and/or imprisonment. Lessee hereby agrees to promptly deliver to Lessor such financial statements and other financial information regarding Lessee as Lessor may from time to time reasonably request.

14. DEFAULT; REMEDIES: The following shall constitute events of default ("Events of Default") by Lessee under this Agreement: (a) if Lessee fails to pay when due any rent or other amount due under this Agreement and any such failure shall remain unremedied for ten (10) days; (b) if Lessee fails to perform, keep or observe any term, provision or covenant contained in Section 11 of this Agreement; (c) if Lessee fails to perform, keep or observe any other term, provision or covenant contained in this Agreement and any such failure shall remain unremedied for thirty (30) days after written notice thereof is given by Lessor, Servicer or any other agent of Lessor to Lessee; (d) any seizure or confiscation of any Vehicle or any other act (other than a Casualty Occurrence) otherwise rendering any Vehicle unsuitable for use (as determined by Lessor); (e) if any present or future guaranty in favor of Lessor of all or any portion of the obligations of Lessee under this Agreement shall at any time for any reason cease to be in full force and effect or shall be declared to be null and void by a court of competent jurisdiction, or if the validity or enforceability of any such guaranty shall be contested or denied by any guarantor, or if any guarantor shall deny that it, he or she has any further liability or obligation under any such guaranty or if any guarantor shall fail to comply with or observe any of the terms, provisions or conditions contained in any such guaranty; (f) the occurrence of a material adverse change in the financial condition or business of Lessee or any guarantor; or (g) if Lessee or any guarantor is in default under or fails to comply with any other present or future agreement with or in favor of Lessor, The Crawford Group, Inc. or any direct or indirect subsidiary of The Crawford Group, Inc.. For purposes of this Section 14, the term "guarantor" shall mean any present or future guarantor of all or any portion of the obligations of Lessee under this Agreement.

Upon the occurrence of any Event of Default, Lessor, without notice to Lessee, will have the right to exercise concurrently or separately (and without any election of remedies being deemed made), the following remedies: (a) Lessor may demand and receive immediate possession of any or all of the Vehicles from Lessee, without releasing Lessee from its obligations under this Agreement; if Lessee fails to surrender possession of the Vehicles to Lessor on default (or termination or expiration of the Term), Lessor, Servicer, any other agent of Lessor and any of Lessor's independent contractors shall have the right to enter upon any premises where the Vehicles may be located and to remove and repossess the Vehicles; (b) Lessor may enforce performance by Lessee of its obligations under this Agreement; (c) Lessor may recover damages and expenses sustained by Lessor, Servicer, any other agent of Lessor or any of their respective successors or assigns by reason of Lessee's default including, to the extent permitted by applicable law, all costs and expenses, including court costs and reasonable attorneys' fees and expenses, incurred by Lessor, Servicer, any other agent of Lessor or any of their respective successors or assigns in attempting or effecting enforcement of Lessor's rights under this Agreement (whether or not litigation is commenced) and/or in connection with bankruptcy or insolvency proceedings; (d) upon written notice to Lessee, Lessor may terminate Lessee's rights under this Agreement; (e) with respect to each Vehicle, Lessor may recover from Lessee all amounts owed by Lessee under Sections 3(b) and 3(c) of this Agreement (and, if Lessor does not recover possession of a Vehicle, (i) the estimated wholesale value of such Vehicle for purposes of Section 3(c) shall be deemed to be $0.00 and (ii) the calculations described in the first two sentences of Section 3(c) shall be made without giving effect to clause (ii) in each such sentence); and/or (f) Lessor may exercise any other right or remedy which may be available to Lessor under the Uniform Commercial Code, any other applicable law or in equity. A termination of this Agreement shall occur only upon written notice by Lessor to Lessee. Any termination shall not affect Lessee's obligation to pay all amounts due for periods prior to the effective date of such termination or Lessee's obligation to pay any indemnities under this Agreement. All remedies of Lessor under this Agreement or at law or in equity are cumulative.

15. ASSIGNMENTS: Lessor may from time to time assign, pledge or transfer this Agreement and/or any or all of its rights and obligations under this Agreement to any person or entity. Lessee agrees, upon notice of any such assignment, pledge or transfer of any amounts due or to become due to Lessor under this Agreement to pay all such amounts to such assignee, pledgee or transferee. Any such assignee, pledgee or transferee of any rights or obligations of Lessor under this Agreement will have all of the rights and obligations that have been assigned to it. Lessee's rights and interest in and to the Vehicles are and will continue at all times to be subject and subordinate in all respects to any assignment, pledge or transfer now or hereafter executed by Lessor with or in favor of any such

assignee, pledgee or transferee, provided that Lessee shall have the right of quiet enjoyment of the Vehicles so long as no Event of Default under this Agreement has occurred and is continuing. Lessee acknowledges and agrees that the rights of any assignee, pledgee or transferee in and to any amounts payable by the Lessee under any provisions of this Agreement shall be absolute and unconditional and shall not be subject to any abatement whatsoever, or to any defense, setoff, counterclaim or recoupment whatsoever, whether by reason of any damage to or loss or destruction of any Vehicle or by reason of any defect in or failure of title of the Lessor or interruption from whatsoever cause in the use, operation or possession of any Vehicle, or by reason of any indebtedness or liability howsoever and whenever arising of the Lessor or any of its affiliates to the Lessee or to any other person or entity, or for any other reason.

Without the prior written consent of Lessor, Lessee may not assign, sublease, transfer or pledge this Agreement, any Vehicle, or any interest in this Agreement or in and to any Vehicle, or permit its rights under this Agreement or any Vehicle to be subject to any lien, charge or encumbrance. Lessee's interest in this Agreement is not assignable and cannot be assigned or transferred by operation of law. Lessee will not transfer or relinquish possession of any Vehicle (except for the sole purpose of repair or service of such Vehicle) without the prior written consent of Lessor.

16. MISCELLANEOUS: This Agreement contains the entire understanding of the parties. This Agreement may only be amended or modified by an instrument in writing executed by both parties. Lessor shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies under this Agreement and no waiver whatsoever shall be valid unless in writing and signed by Lessor and then only to the extent therein set forth. A waiver by Lessor of any right or remedy under this Agreement on any one occasion shall not be construed as a bar to any right or remedy, which Lessor would otherwise have on any future occasion. If any term or provision of this Agreement or any application of any such term or provision is invalid or unenforceable, the remainder of this Agreement and any other application of such term or provision will not be affected thereby. Giving of all notices under this Agreement will be sufficient if mailed by certified mail to a party at its address set forth below or at such other address as such party may provide in writing from time to time. Any such notice mailed to such address will be effective one (1) day after deposit in the United States mail, duly addressed, with certified mail, postage prepaid. Lessee will promptly notify Lessor of any change in Lessee's address. This Agreement may be executed in multiple counterparts (including facsimile and pdf counterparts), but the counterpart marked "ORIGINAL" by Lessor will be the original lease for purposes of applicable law. All of the representations, warranties, covenants, agreements and obligations of each Lessee under this Agreement (if more than one) are joint and several.

17. SUCCESSORS AND ASSIGNS; GOVERNING LAW: Subject to the provisions of Section 15, this Agreement will be binding upon Lessee and its heirs, executors, personal representatives, successors and assigns, and will inure to the benefit of Lessor, Servicer, any other agent of Lessor and their respective successors and assigns. This Agreement will be governed by and construed in accordance with the substantive laws of the State of Missouri (determined without reference to conflict of law principles).

18. NON-PETITION: Each party hereto hereby covenants and agrees that, prior to the date which is one year and one day after payment in full of all indebtedness of Lessor, it shall not institute against, or join any other person in instituting against, Lessor any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States. The provisions of this Section 18 shall survive termination of this Master Equity Lease Agreement.

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Master Equity Lease Agreement as of the day and year first above written

LESSEE: _____

Signature: _____

By: _____

Title: _____

Address: _____

_____

_____

Date Signed: _____, _____

LESSOR: Enterprise FM Trust

By: Enterprise Fleet Management, Inc. its attorney in fact

Signature: _____

By: _____

Title: _____

Address: _____

_____

_____

Date Signed: _____, _____

Initials: EFM_____ Customer_____

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FLEET MANAGEMENT

FLEET SYNOPSIS | NORTH MARIN WATER DISTRICT

NORTH MARIN
WATER DISTRICT

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Novato, CA 94945

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ATTACHMENT D

FLEET SYNOPSIS | NORTH MARIN WATER DISTRICT

Impact of Partnership

BACKGROUND

Main office: Novato.

Total Vehicles: 29, 3 sedans, 23 trucks, 1 van, 2 compact SUV's

THE SITUATION

North Marin Water District is looking for a partner to help operate a newer, safer, and more cost effective vehicle fleet:

- Inconsistent capital and operating vehicle budget
- Increased unscheduled repairs in older vehicles
- Vehicle selection, fleet planning and vehicle replacement take a back seat to other priorities
- Multiple employees spend time on license, title, and registration
- No standardized process for selling vehicles

THE OBJECTIVES

Enterprise Fleet Management's proposal is to save North Marin Water District resources and budget dollars through a managed vehicle program.

- Utilize an open-end lease* as a funding mechanism, allowing NMWD to acquire additional vehicles while avoiding a large capital budget outlay.
- Establish a proactive replacement plan that maximizes potential equity at time of resale, reduces operational expenses, and increases safety.
- Website for management, mobile application for drivers, and an account manager and account fleet coordinator for NMWD to create a "one stop shop" for fleet needs.

*An open-end lease means there are no early termination, mileage, or abnormal wear and tear penalties. Leases are written to a residual balance to preserve cash flow. The District receives flexibility of ownership, as well as net equity from sale at time of disposal.

CLIENT TESTIMONTIAL

"By implementing a consistent fleet replacement program, the Enterprise Fleet Management account team has helped EVMWD streamline our budgeting processes. With our very first set of new vehicles, we saw an immediate, positive impact on maintenance and fuel expenses. Additionally, Enterprise has helped us sell our old vehicles, getting higher returns than we expected. It also relieved our staff time and involvement throughout the entire process. Enterprise is a true "One-Stop" service." - John Manhard. Director of Maintenance and Operations.

THE RESULTS

By partnering with Enterprise Fleet Management, it is estimated that the North Marin Water District will reduce maintenance costs by **70%**. Leveraging an open-end lease maximizes cash flow and recognizes equity from vehicles sold. Furthermore, the organization will leverage Enterprises Fleet Management's ability to sell vehicles at an average of 113.5% above Black Book (auction) values. By shifting from reactively replacing older vehicles to planning vehicle purchases, the District will be able to replace all of its vehicles within 5 years and save on average $23,840.2 per year.

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SUPPORTING EVIDENCE | NORTH MARIN WATER DISTRICT

FLEET PROFILE

Fleet Profile / Fleet Replacement Schedule

Vehicle Type	# of Type	Average Age (years)	Average Annual Mileage	2019	2020	2021	2022	2023	Under-Utilized
Hybrid Sedan	3	12.8	7,700	3	0	0	0	0	0
1/2 Ton Van Cargo	1	1.0	3,700	0	0	0	0	1	0
Compact SUV 4x4	2	3.0	9,700	0	0	0	1	1	0
Compact Pickup Reg 4x2	1	14.2	9,200	0	1	0	0	0	0
Compact Pickup Ext 4x2	1	12.2	6,000	0	0	1	0	0	0
Compact Pickup Ext 4x4	1	11.2	9,100	0	1	0	0	0	0
Compact Pickup Quad 4x2	2	3.1	7,200	0	0	0	0	2	0
Compact Pickup Quad 4x4	2	14.7	8,800	0	2	0	0	0	0
1/2 Ton Pickup Reg 4x2	4	9.7	7,600	1	0	2	0	0	1
1/2 Ton Pickup Reg 4x4	2	6.6	8,600	0	0	1	1	0	0
1/2 Ton Pickup Ext 4x2	1	15.3	6,700	0	1	0	0	0	0
1/2 Ton Pickup Quad 4x4	1	17.3	8,200	0	1	0	0	0	0
3/4 Ton Pickup Reg 4x4	3	7.8	5,600	2	0	0	0	1	0
3/4 Ton Pickup Ext 4x4	1	4.1	17,000	0	0	0	1	0	0
3/4 Ton Cab Chassis	2	7.1	7,900	0	0	1	1	0	0
1 Ton Pickup Reg 4x4	1	20.3	6,700	0	0	0	1	0	0
Totals/Averages	28	9.5	7,900	6	6	5	5	5	1

Replacement Criteria

Robert asked for a even implementation 6-6-5-5-5

* Underutilized = Annual Mileage less than 2,500

Vehicle Types

Model Year Analysis

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FLEET PLANNING ANALYSIS

Current Fleet	28	Fleet Growth	-0.82%	Proposed Fleet	27
Current Cycle	9.20	Annual Miles	8,200	Proposed Cycle	5.00
Current Maint.	$143.00	Insurance	$0.00	Proposed Maint.	$31.66
Fuel Info		MPG	14	Price/Gallon	$2.93

Fleet Costs Analysis

Fleet Mix						Fleet Cost					Annual
Fiscal Year	Fleet Size	Annual Needs	Owned	Leased	Purchase	Lease* Incl. Tax	Maintenance	Insurance	Fuel	Fleet Budget	Net Cash
Average	28	3.0	28	0	77,446	0	48,048	0	46,294	171,788	0
'19	27	6	21	6	0	39,702	38,316	0	44,236	122,254	49,534
'20	27	6	14	12	0	76,463	28,583	0	40,464	145,510	26,278
'21	27	5	9	17	0	101,662	21,903	0	38,750	162,315	9,474
'22	27	5	4	22	0	130,069	15,222	0	37,035	182,327	-10,539
'23	27	5	0	27	0	99,940	10,258	0	37,035	147,233	24,555
'24	27	6	0	27	0	84,131	10,258	0	37,035	131,424	40,364
'25	27	6	0	27	0	101,074	10,258	0	37,035	148,367	23,421
'26	27	5	0	27	0	99,384	10,258	0	37,035	146,677	25,111
'27	27	5	0	27	0	98,845	10,258	0	37,035	146,138	25,650
'28	27	5	0	27	0	99,940	10,258	0	37,035	147,233	24,555
								10 Year Savings		$238,402	Avg. Sustainable Savings $27,820

Current Fleet Equity Analysis

YEAR	2019	2020	2021	2022	2023
QTY	6	6	6	5	5
RESALE	$2,500	$3,500	$3,500	$6,500	$8,500
TOTAL	$15,000	$21,000	$21,000	$32,500	$42,500
Estimated Current Fleet Equity**					$132,000

Summary

10 Year Savings	$238,402
Estimated Fleet Equity	$132,000
Net Cash***	$370,402

* Lease Rates are conservative estimates

**Estimated Current Fleet Equity is based on the current fleet "sight unseen" and can be adjusted after physical inspection

***Net Cash is the sum of the 10 year savings from the Fleet Planning Analysis and the Estimated Current Fleet Equity

Key Objectives

- **Lower average age of the fleet**
  - 50% of the fleet is over 10 years old
  - Reduce overall vehicle age from 9.2 to 5
  - Significant advancements in vehicle safety technology, Airbag Standardization, Back up Camera standardization, Electronic Stability Control
- **Reduce operating costs**
  - Reduction in maintenance cost
  - Reduction of fuel expense through Federal Cafe Standards improvement
- **Long Term Sustainability**
  - Quarterly Review and Annual year over year assessments to ensure results are achieved

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MEDIA & CASE STUDY| NORTH MARIN WATER DISTRICT

By replacing its entire fleet, EVMWD will save $1.2M in ten years.

BACKGROUND

Location:	Lake Elsinore, CA
Industry:	Water District
Total vehicles:	76 vehicles

THE CHALLENGE

The Elsinore Valley Municipal Water District (EVMWD) was experiencing budget restrictions, which prevented the organization from replacing vehicles. Operating older vehicles drastically increased the facility's maintenance expenses. Additionally, the age and condition of the fleet was causing mechanics to divert time away from the larger, more expensive pieces of equipment, which created further strain on personnel and increased vehicle downtime.

THE SOLUTION

Seeking a way to improve its fleet, EVMWD partnered with Enterprise Fleet Management to develop a proactive vehicle replacement plan. Over a 5-year plan, EVMWD was able to replace each vehicle in its fleet. The oldest vehicles with the highest mileage were replaced first, reducing EVMWD's maintenance and fuel expenses immediately.

"By implementing a consistent fleet replacement program, the Enterprise Fleet Management account team has helped EVMWD streamline our budgeting processes. With our very first set of new vehicles, we saw an immediate, positive impact on maintenance and fuel expenses. Additionally, Enterprise has helped us sell our old vehicles, getting higher returns than we expected. It also relieved our staff's time and involvement throughout the entire process. Enterprise is a true "One-Stop" service."

– John Manhard, Maintenance Manager

THE RESULTS

With the Enterprise Full Maintenance Program, EVMWD accurately budgets vehicle maintenance expenses. The program has greatly reduced the administrative time the staff was spending on scheduling and approving vehicle repairs and costs. EVMWD immediately recognized 50% in maintenance savings and 12% savings in fuel costs. Once fully implemented, EVMWD will save approximately 24% (about $1.2M in 10 years).

To learn more, visit efleets.com or call 877-23-FLEET.

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Key Results

OVERALL SAVINGS OF
$1.2 M
AFTER TEN YEARS

50%
MAINTENANCE SAVINGS

12%
FUEL COST SAVINGS

Enterprise FLEET MANAGEMENT

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REFERENCES | NORTH MARIN WATER DISTRICT

CURRENT PARTNERS

- Western Municipal Water District
- Elsinore Valley Municipal Water District
- Amador Valley Water
- Carpinteria Valley Water District
- Palmdale Water District
- City of St. Helena
- City of Calistoga

REFERENCES

~~Below is a list of three (3) client/customer~~ references including agency name, contact person, email address and telephone number.

Agency Name: Elsinore Valley Water District

Contact Person: John Manhard – Director of M&O

Business Phone #: (951) 674 – 3146 ext 8202

Email: Johnm@evmwd.net

Agency Name: Western Municipal Water District

Contact Person: Anna Briones – Finance Manager

Business Phone #: (951) 571 -5138

Email: Abriones@wmwd.com

Agency Name: Amador Valley Water

Contact Person: Cris Thompson – Assistant General Manager

Business Phone #: (209) 223 -3018

Email: Cthompson@amadorwater.org

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EFFECTIVE VEHICLE LIFECYCLE

Key Observations

- Maintenance costs in your current replacement window can be double the costs of vehicles in the optimal range
- Fuel costs are 25% - 30% higher or more depending on vehicle type
- Resale values are 70% - 80% lower at your typical replacement interval vs. optimal
- Replacing vehicles at optimal time is cost neutral to current plan.

GOVERNMENT BUYING POWER

enterprise FLEET MANAGEMENT

2018 SUPER DUTY
F-250 XL

$37,375 ← FORD'S WEBSITE

State Contract Price **$24,769**

MANHEIM AUCTION RESULTS

VEHICLE	Odometer	Sale Price	Capital Outlay
2017 Ford F-250 XL Crew Cab 4x2	4,146	$28,300	-$3,531
2016 Ford F-250 XL Crew Cab 4x2	10,282	$25,700	- $931
2013 Ford F-250 XL Crew Cab 4x2	57,636	$18,700	$6,069
2008 Ford F-250 XL Crew Cab 4x2	98,436	$3,100	$21,669

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ANNUAL EXPECTATIONS

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MEMORANDUM

To: Board of Directors May 3, 2019

From: Drew McIntyre, General Manager

Subj: Approve – Support Letter for USDA Emergency Watershed Program Grant Assistance – Gallagher Bridge Abutment Armoring
t:\gm\west marin\gallagher well\sponsor letter for ewp assistance 05_03_19.docx

RECOMMENDED ACTION: Approve submission of Support Letter to USDA for Grant Assistance to provide Gallagher Bridge Abutment Armoring

FINANCIAL IMPACT: None at this time

The District's Gallagher Well transmission pipeline is supported by the access bridge crossing Lagunitas Creek at Gallagher Ranch. This pipeline is critical for delivering reliable, good quality water supply from our Gallagher Well to ~ 1,800 potable water customers in West Marin. During the February 2019 storms, significant Lagunitas Creek bank erosion occurred at Gallagher Ranch and the bridge abutments will be compromised if erosion control and bridge abutment armoring enhancements are not implemented. A February 26, 2019 photo of the NMWD pipeline supported on the bridge is shown in Attachment 1 and a related photo of the flooding across the Gallagher Ranch property is shown in Attachment 2.

On Monday, April 15th I attended a meeting at the ranch that included Gallagher Ranch property owners and representatives from MALT, Marin County Resource Conservation District and USDA Natural Resources Conservation Service. The purpose of the meeting was to review the flood damage and explore options for grant funds to perform necessary enhancements to protect the Gallagher Bridge abutments from catastrophic failure. On May 2, 2019 I was informed about the potential to obtain federal assistance under the provisions of Section 216 of the Flood Control Act of 1950 to help address the risks to our West Marin customers should our pipeline support on the Gallagher Bridge be compromised. The potential funding opportunity is through the USDA Emergency Watershed Protection (EWP) Program which provides 75% federal share grants with a local 25% match. The first step in soliciting said funding is to submit a formal letter request letter for EWP assistance (a draft letter is provided in Attachment 3).

The request letter must be submitted within 60 days of the event. While the February flooding occurred more than 60 days ago, it is possible to receive a variance from this requirement. Staff is requesting Board approval to submit a formal request letter in a form similar to that attached. Since time is of the essence, it is important to submit this letter as soon as possible. Note that submission of this letter does not obligate us to move forward.

RECOMMENDATION:

That the Board approve submission of a letter of request for EWP Assistance for funding a Gallagher Bridge Abutment Armoring project.

ATTACHMENT 1

ATTACHMENT 2

NORTH MARIN WATER DISTRICT

999 Rush Creek Place
P.O. Box 146
Novato, CA 94948-0146

PHONE
415-897-4133

EMAIL
info@nmwd.com

WEB
www.nmwd.com

DRAFT

May 3, 2019

Mr. Carlos Suarez, State Conservationist
USDA – Natural Resources Conservation Service
430 G Street
Davis, CA 95616

RE: Request for EWP Assistance – Gallagher Bridge Abutment Armoring at Lagunitas Creek

Dear Mr. Suarez:

The North Marin Water District (NMWD) requests Federal assistance under the provisions of Section 216 of the Flood Control Act of 1950, Public Law 81-516 or Section 403 of the Agricultural Credit Act of 1978, Public Law 95-334, to address Lagunitas Creek bank damages sustained in Marin County by late February 2019 storms at Gallagher Ranch. The erosion damage threatens the bridge abutments which supports NMWD's 12-inch water supply pipeline. Bridge abutment armoring work is needed to safeguard our approximately 2,000 West Marin potable water customers from an imminent hazard of a pipeline failure resulting from a bridge collapse.

We understand, as sponsors of an Emergency Watershed Protection project that our responsibilities will include acquiring land rights and any permits needed to construct, and if required, to operate and maintain the proposed measures. We are prepared to provide 25% of the cost of construction work in dollars or in-kind services.

The name, address, and telephone number of the contact person in our organization is as follows:

Drew McIntyre, General Manager
North Marin Water District
P O Box 146
Novato, CA 94948
dmcintyre@nmwd.com
(415) 897-4133

Please contact me for any additional information that you might need in assessing our request.

Sincerely,

Drew McIntyre
General Manager

DIRECTORS: JACK BAKER · RICK FRAITES · JAMES GROSSI ·MICHAEL JOLY · STEPHEN PETTERLE
OFFICERS: DREW McINTYRE, General Manager · TERRIE KEHOE, District Secretary · JULIE BLUE, Auditor-Controller · ROCKY V

ATTACHMENT 3

Cc: Paul Gallagher
Gallagher Ranch
P O Box 941
Point Reyes Station, CA 94956

Jeff Stump
Marin Agricultural Land Trust
P O Box 809
Point Reyes Station, CA 94956

DM: tk
t:\gm\west marin\gallagher well\request for ewp assistance.doc

12

Item #12

MEMORANDUM

To: Board of Directors May 3, 2019

From: Julie Blue, Auditor-Controller JB

Subj: Budget Review – Proposed FY 19/20 Budgets Novato & West Marin Service Areas
I:\ac\budget\fy-2019.20\budget final fy 19.20\novato & marin budget review 1 may 7, 2019 fy 19.20.docx

RECOMMENDED ACTION: Information Only – Budget Review

FINANCIAL IMPACT: None at this time – Total $26 Million Expenditure Plan
Capital/Equipment/Debt Service - $8.6 Million
Operations - $17.3 Million

Attached for review are the FY 19/20 Budgets for North Marin Water District (NMWD) which include Novato Water, West Marin Water (WM), Recycled Water (RW) and Ocean Marin Sewer (OM).

In anticipation of upcoming water and sewer rate increases, the Board of Directors (BOD) reviewed financial forecasts for each service district (Novato in early March and WM/OM in April). These financial forecasts were 5-year projections outlining the overall financial status of each District and conveyed the need for District wide rate increases.

The BOD also reviewed the FY 19/20 Capital Improvement Project Budget (CIP) and Equipment Budget in mid-April. There have been no changes made to the CIP Budget which remains at a projected net project outlay of $5.1 million. Since the last review, there is one change to the Equipment Budget. The last review of the Equipment Budget listed a 5-Yard Diesel Dump Truck which has been updated to a Vacuum Excavator. There was no difference in the cost of these vehicles so the overall Equipment Budget remains unchanged at $339,000.

This budget will be reviewed and refined prior to the next BOD's review which is scheduled at the next Board meeting on May 21, 2019 at 6:00 pm. At that time there will also be a public rate hearing to review and approve rate increases for the Novato Systems.

The following schedule outlines the upcoming additional activities related to the budget and proposed rate increases to occur over the next few weeks. This schedule was approved by the BOD at the February 1, 2019 meeting.

Date	Location	Item	Review/Approve	Rate Hearing	Service Area
May 21	Novato	Operations & Maintenance and Capital Budget - District	Review Only	X	Novato/RW/WM/OM
June 4	Novato	Operations & Maintenance and Capital Budget - District	Review Only		Novato/RW/WM/OM
June 18	Novato	Operations & Maintenance and Capital Budget - Novato and Recycled Water	Approve		Novato/Recycled Water
June 25	Pt Reyes	Operations & Maintenance and Capital Budget - West Marin Water	Approve	X	West Marin Water
June 25	Pt Reyes	Operations & Maintenance and Capital Budget - Oceana Marin Sewer	Approve	X	Oceana Marin Sewer

999 Rush Creek Place
PO Box 146
Novato, CA 94948
Phone 415.897.4133
www.nmwd.com

NORTH MARIN WATER DISTRICT

Draft - May 7, 2019

BUDGETS

Novato & West Marin Service Areas

FISCAL YEAR

2019/20

Directors: Jack Baker * Michael Joly * Rick Fraites * Stephen Petterle * James Grossi
Officers: Drew McIntyre, General Manager * Rocky Vogler, Chief Engineer * Terrie Kehoe, Secretary * Julie Blue, Auditor-Controller

INTRODUCTION

This document contains the fiscal year 2019/20 budgets for North Marin Water District's various enterprise service districts located in Marin County. These are:

Potable Water Service:
- Novato
- West Marin (Point Reyes Station, Inverness Park, Olema, Bear Valley, Silver Hills & Paradise Ranch Estates)

Recycled Water Treatment, Transmission and Distribution:
- Novato

Sewage Collection, Treatment & Reuse/Disposal:
- Oceana Marin

Accompanying the operating budgets are improvement project expenditures for the fiscal year. Questions regarding these budgets may be directed to Julie Blue, Auditor-Controller, at jblue@nmwd.com or 415-761-8950.

MISSION STATEMENT

Our mission is to meet the expectations of our customers in providing potable and recycled water and sewer services that are reliable, high-quality, environmentally responsible, and reasonably priced.

VISION STATEMENT

We strive to optimize the value of services we provide to our customers and continually seek new ways to enhance efficiency and promote worker and customer engagement and satisfaction.

NMWD VALUES

- Accountability – We work transparently and in full view of customers and take responsibility for our work.
- Integrity – Customers can count on quality and fair service from our staff and the District.
- Teamwork – We work cooperatively to accomplish our goals.
- Honesty – We always seek the truth in what we do.
- Respect – We value our customers and co-workers.

ORGANIZATION FACT SHEET
July 2019

Organization:

5 Directors elected at large for 4-year terms

Jack Baker, President
Michael Joly, Vice-President
Rick Fraites
Stephen Petterle
James Grossi

1 General Manager, Drew McIntyre (serves at the pleasure of the Board of Directors)
4 Departments
54 Employees (regular full-time-equivalent authorized)

Authority:

Formed by voter approval in April 1948 pursuant to provisions of the County Water District Law (refer Water Code - Division 12). A "voter-run" district.

Territory:

100 square miles (see attached map)

Distribution System Expansion Policy:

"Pay-as-you-go." Connection fees for typical single family units vary for each improvement district and are based on the policy that new growth pays the incremental cost to expand the utility plant allocable to said service.

t:\ac\budget\fy-2019.20\budget final fy 19.20\boundary map fy 19.20.docx

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NORTH MARIN WATER DISTRICT
FY19/20 DRAFT BUDGET - ALL SERVICE AREAS
SOURCES = $25,989,000

Labor = $8,7M (33%)

USES = $25,989,000

Excludes Depreciation Expense & Developer Funded Costs

Summary

The $26 million consolidated budget projects operating revenue of $23 million and a net income of $2.2 million. The FY 19/20 budget incorporates $5.1 million in capital improvement projects and $6 million in water purchases. After payment of $3.2 million in debt service, the consolidated budget projects a decrease in cash for the fiscal year of $1.6 million.

Novato Water

The Novato Potable Water System budget projects a $1.7 million cash decrease over the fiscal year. A 3.5% rate increase in both the commodity and bimonthly service charge, effective June 1, 2019, will be considered by the Board of Directors at a public hearing occurring on May 21, 2019. Total budget outlay, which includes $3.9 million in capital improvement projects, is projected at $23.1 million which is consistent with the FY 18/19 budget.

Operating Revenue

Water Sales - Water sales volume is budgeted at 2.6 billion gallons (BG) which is slightly higher than the FY 18/19 projections and consistent with FY 17/18 actual sales. The proposed 3.5% rate increase is projected to increase revenues by $652,000 but is highly dependent on water sales volume. The below chart shows a 10-year history of billed consumption for the Novato Potable Water System.

Other Revenue – Connection Fee revenue is budgeted at $340,000. Connection fee revenue of $1.4 million for 48 Equivalent Dwelling Units (EDUs) was collected in FY 17/18. The FY 17/18 budgeted EDUs was zero. Over the past 5 years the annual average has been 24 EDUs. Included in the projections is annual revenue equivalent to 12 EDUs or half of the five-year average.

The wheeling charge to Marin Municipal Water District is budgeted at $75,000. This is based on and equal to the projected revenue estimate to be received for the current fiscal year. In addition, MMWD will pay the annual fixed AEEP capital contribution in accord with the terms of the 2014 Interconnection Agreement. Miscellaneous Revenue includes $91,000 in combined income from the rental of the Point Reyes home, the Little Mountain cell phone tower lease, Indian Valley Golf Club lease, two grazing leases, rental of the District's security apartment, and rental of the Pacheco Valle tennis courts.

Operating Expenditures

Source of Supply – The purchase of water from Sonoma Water (SW) (AKA Sonoma County Water Agency) is projected to increase 4.8% in FY 19/20. This change will result in a cost per acre-foot of $937.37 for FY 19/20 versus $894.17 for the current fiscal year and is estimated to increase the cost to purchase water by $270,000.

The current year budget shows a decrease from the prior year budget due to the one-time payment of $1.28 million that will be made to SW that was budgeted in FY 18/19.

Stafford Treatment Plant (STP) Water Production – STP water production is projected at 650 MG in FY 19/20 which is slightly lower than the average annual production of 670 MG over the past 10 years. The cost of production at the end of FY 17/18 was $3,436/MG and varies depending on the volume and length of production.

Although the cost of STP water production is higher than purchases from SW, the benefits of having a local water supply for resiliency and emergency preparedness outweighs the additional costs in operating the plant.

Personnel Costs - The proposed budget includes a staffing level of 54 full-time equivalent (FTE) employees consistent with the current year budget (chart below).

FTE Staffing	FY20	FY19
Administration	8.0	8.0
Consumer Services	6.0	6.0
Construction/Maintenance	12.0	12.0
Engineering	8.0	8.0
Maintenance	9.0	9.0
Operations	6.0	6.0
Water Quality	5.0	5.0
	54.00	54.00

Temporary staffing budget is proposed to decrease by 931 hours from the prior year's budget to 7,905 hours. The decrease is due to a reduction in administration hours needed for assistance on special projects.

In accordance with the Employee Association and NMWD's Memorandum of Understanding (MOU), a 3.5% cost-of-living salary increase, has been factored into the budget effective October 1, 2019. The MOU links an annual cost-of-living adjustment (COLA) to the change in the CPI. The District entered into a 5-year MOU with the NMWD Employee Association beginning on October 1, 2018. The current MOU established a COLA minimum of 2.0% and a maximum of 4%. The overhead cost of labor charged to Novato operations has increased by an average of 4% annually over the past 5 years. Part of the increase is due to bringing on new employees (2.0 full-time equivalents) over the period to keep up with the operational demands of the District. The 3.5% cost-of-living increase is staff's best projection at this time.

The District's average CalPERS retirement contribution rate will increase 2.6% (to 26.41%) from the amount budgeted last year. All employees now pay 100% of the CalPERS employee contribution. For budgeting purposes, group health insurance rates remained constant. This cost decreased in 2019 and was a minimal increase in prior years.

The below chart shows the past 10-years of operating expense for Novato Water.

	10	11	12	13	14	15	16	17	18	19 e/a	20 Budget
Admin	$1.5	$1.5	$1.3	$1.4	$1.2	$1.6	$1.7	$2.3	$1.8	$1.8	$2.2
O&M	$8.3	$8.1	$8.0	$8.3	$8.8	$8.9	$9.3	$10.1	$9.3	$10.4	$10.7
Purch Wtr	$3.4	$3.8	$5.0	$5.1	$5.7	$4.3	$4.0	$4.3	$5.5	$6.6	$5.9
Total	$13.3	$13.4	$14.3	$14.8	$15.7	$14.8	$15.0	$16.7	$16.6	$18.8	$18.8
Regression	$13.2	$13.7	$14.2	$14.7	$15.2	$15.7	$16.2	$16.7	$17.2	$17.7	$18.3

Recycled Water

The FY 19/20 Recycled Water (RW) System Budget projects demand of 200MG which is consistent with the volume budgeted in FY18/19. Sales have increased primarily due to the Central expansion project completed in FY 17/18. The budget projects purchase of 150MG of tertiary treated water from Novato Sanitary District and 45MG from La Gallinas Valley Sanitary District, at an average rate of $1,400/MG. The Deer Island Plant is budgeted to produce 5MG during the summer, to keep it operating, and will serve as a back-up facility.

Consistent with the potable water increase, a 3.5% commodity rate and bimonthly service charge increase is proposed to be effective June 1, 2019. The proposed increase is projected to generate $42,000 in additional revenue next fiscal year.

Operating expenses (excluding depreciation) are budgeted to increase 4% or $21,000 from the FY 18/19 budget. This is increase is primarily due the increase in employee hours for maintenance and operations.

The below chart shows historical production for the Recycled Water System.

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19 e/a	FY20 Budget
Recycled							8	47	75	55	54	56	83	157	148	139	144	155	177	200
Potable	125	86	79	89	67	66	59	29	0	0	0	4	9	11	7	8	1	16	20	0

West Marin Water

A 3.5% rate increase for West Marin Water customers effective July 1, 2019, will add $2.10 per month ($25.20 annually) to the typical residential customer water cost, and is projected to generate $30,000 in additional revenue annually.

Significant Capital Improvement Projects budgeted for the year include continued work on the $785,000 project to replace the Paradise Ranch Estates Tank 4A which is scheduled to be completed next fiscal year (FY 19/20). Also in FY 19/20, the District will commence the Lagunitas Creek Bridge Pipe Replacement project with a total budget of $650,000.

FY 19/20 water sales volume is budgeted at 66MG which is an average of the last three years of actual and projected use (FY16/17-FY18/19). Operating expenditures, before depreciation, are budgeted to increase $37,000 or 6.9% from the FY 18/19 adopted budget. The budget projects a net income of $155,000 and, after capital outlay and debt service, the system is projected to show a cash decrease for the year of $591,000.

Oceana Marin Sewer

A 3.5% increase ($3/month - to $1,116/year) in the Oceana Marin Sewer service charge effective July 1, 2019, is projected to add $8,400 in additional annual revenue. FY 19/20 operating expenditures, before depreciation are budgeted to increase 17.4% from the FY19 adopted budget. The budget projects a net loss of $5,000 and the system is projected to see a cash increase for the year of $14,000.

Capital Improvement Project Budget (CIP)

The proposed Fiscal Year 19/20 and FY 20/21 Capital Improvement Project (CIP) budget includes projects recommended for Novato Water, Recycled Water, West Marin Water, and Oceana Marin Sewer. Also included is a debt service schedule detailing the principal and interest payment required to fund prior CIPs.

Below is a summary identifying the significant projects (totaling $400,000 or more) proposed to be undertaken over the next two fiscal years. An explanation of each FY 19/20 project is incorporated into the attached CIP schedule included in this budget document.

Project	FY 19/20	FY 20/21
Office/Yard Building Refurbish	$900,000	$3,000,000
Crest PS/Relocate School Rd PS	635,000	-
Replace PRE Tank 4A	550,000	-
Cherry Hill #2 Recoat	400,000	-
Lagunitas Creek Bridge Pipe Replacement	200,000	450,000
Old Ranch Rd. Tank #2	150,000	481,000
San Mateo 24" Inlet/Outlet Pipe (2,200')	50,000	742,000
New Gallagher Well #2	75,000	260,000
Other Projects	2,153,000	1,735,000
Gross Project Outlay	**5,113,000**	**6,668,000**
Less Loan/Grant Funding	(-)	(4,013,000)
Net Project Outlay (internally funded)	**$5,113,000**	**$2,655,000**

The proposed two-year combined total project outlay, net of grant/loan funding, totals $7.8 million, down from the $8.5 million combined two-year budget adopted last year. The proposed CIP budget includes 32 projects in FY 19/20 and 26 projects in FY 20/21. This comprehensive plan is developed to confirm that adequate funding and staffing exists to accomplish the budgeted projects planned for FY 19/20.

	Net Outlay		
District	Proposed FY20 & FY21	Adopted FY19 & FY20	Increase (Decrease)
Novato Water	$5,606,000	$5,925,000	($319,000)
Recycled Water	240,000	240,000	(0)
WM Water	1,690,000	1,775,000	(85,000)
OM Sewer	232,000	573,000	(341,000)
Total	**$7,768,000**	**$8,513,000**	**($745,000)**

The below chart shows the District wide 10-year history of capital improvement projects which averages $9M per year including $2.7M of internally (or "Pay-Go") financed projects.

	12	13	14	15	16	17	18	19 e/a	20 Budget	21 Budget
Debt/Grant Financed	$7,203	$7,308	$3,062	$12,676	$4,285	$6,351	$7,090	$2,200	$0	$4,013
Internally Financed	$1,317	$1,429	$1,393	$3,321	$1,341	$5,999	$3,901	$3,004	$5,113	$2,655
Total	$8,520	$8,736	$4,456	$15,997	$5,625	$12,350	$10,992	$5,204	$5,113	$6,668

Novato Potable Water's CIP expenditure plan, when viewed over the current fiscal year and the next five years, averages $2.5 million annually in internally funded projects, which approximates the $2.5 million approved by the Board and incorporated into the 5-Year Financial Plan.

Equipment Budget

The proposed FY 19/20 Equipment Budget totals $339,000. This is $16,000 lower than the FY 18/19 Equipment Budget of $355,000. FY 18/19 estimated actual expenditures are forecast to come in at $151,000. The five-year financial plan included $250,000 for equipment purchases for FY 19/20.

A significant purchase included in the proposed budget is $130,000 for a Vacuum Excavator. Additionally, a metals analyzer for $105,000 to replace a 20-year old piece of equipment is included for the lab. Below is a chart showing the history of the past ten years of equipment purchases.

	10	11	12	13	14	15	16	17	18	19 est	20 Budget
Info Systems	$25,925	$36,375	$33,346	$0	$8,050	$0	$0	$0	$8,600	$0	$27,000
Rolling Stock	$162,696	$16,671	$103,057	$146,305	$161,834	$172,989	$48,812	$141,044	$58,143	$118,800	$186,000
Other Equipment	$35,082	$114,612	$53,724	$43,764	$32,884	$23,231	$26,374	$77,802	$6,131	$32,303	$126,000
Total	$223,703	$167,658	$190,127	$190,069	$202,768	$196,220	$75,187	$218,846	$72,874	$151,104	$339,000

Debt Service

Principal and interest payments totaling $3.2 million are budgeted as the annual obligation on $35.3 million in outstanding debt (as of June 30, 2019), comprised of:

1.) $4.4 million at 2.7% for a bank loan used to fund the Advanced Meter Information (AMI) project;
2.) $9.2 million at 2.4% State Revolving Fund (SRF) loan used to finance the Stafford Water Treatment Plant Rehabilitation;
3.) $14.1 million in SRF loans (with interest varying from 1%-2.6%) used to finance the recycled water distribution system;
4.) $5.6 million at 3.5% bank loan used to finance the Aqueduct Energy Efficiency Project and West Marin Treatment Plant Solids-Handling Facility;
5.) $2 million at 2.4% SRF loan used to finance the Deer Island Recycled Water Facility;
6.) Two 5% loans totaling $47,000 used to finance various improvements in Point Reyes in 1980 & 1981.

NORTH MARIN WATER DISTRICT
BUDGET SUMMARY - ALL SERVICE AREAS COMBINED
Fiscal Year 2019/20

		Proposed Budget 2019/20	*Estimated Actual 2018/19*	*Adopted Budget 2018/19*
	OPERATING INCOME			
1	Water Sales	**$22,345,000**	$21,274,000	$22,207,000
2	Sewer Service Charges	**261,000**	252,000	252,000
3	Wheeling & Misc Service Charges	**392,000**	386,000	347,000
4	**Total Operating Income**	**$22,998,000**	$21,912,000	$22,806,000
	OPERATING EXPENDITURES			
5	Source of Supply	**6,186,000**	6,922,000	7,044,000
6	Pumping	**438,000**	452,000	391,000
7	Operations	**808,000**	1,161,000	696,000
8	Water Treatment	**2,662,000**	2,463,000	2,603,000
9	Sewer Service	**185,000**	132,000	164,000
10	Transmission & Distribution	**3,655,000**	3,456,000	3,331,000
11	Consumer Accounting	**644,000**	551,000	648,000
12	Water Conservation	**399,000**	348,000	390,000
13	General & Administrative	**2,375,000**	1,931,705	2,392,000
14	Depreciation Expense	**3,486,000**	3,440,000	3,528,000
15	**Total Operating Expenditures**	**$20,838,000**	$20,856,705	$21,187,000
16	***NET OPERATING INCOME (LOSS)***	**$2,160,000**	$1,055,295	$1,619,000
	NON-OPERATING INCOME/(EXPENSE)			
17	Tax Proceeds	**$116,000**	$114,000	$114,000
18	Interest Revenue	**277,000**	355,000	159,000
19	Miscellaneous Revenue	**133,000**	179,000	137,000
20	Interest Expense	**(807,000)**	(840,000)	(850,000)
21	Miscellaneous Expense	**(20,000)**	(3,000)	(20,000)
22	**Total Non-Operating Income/(Expense)**	**($301,000)**	($195,000)	($460,000)
	NET INCOME/(LOSS)	**$1,859,000**	$860,295	$1,159,000
	OTHER SOURCES/(USES) OF FUNDS			
23	Add Depreciation Expense	**$3,486,000**	$3,440,000	$3,528,000
24	Connection Fees	**340,000**	114,000	733,000
25	Caltrans AEEP Reimbursement	**1,000**	1,000	1,000
26	MMWD AEEP Capital Contribution	**205,000**	245,000	245,000
27	Loans/Grants	**69,000**	20,000	349,000
28	Stone Tree Golf Principal Repayment	**227,000**	222,000	222,000
29	Capital Equipment Expenditures	**(339,000)**	(250,000)	(355,000)
30	Capital Improvement Projects	**(5,113,000)**	(5,119,000)	(7,770,000)
31	Debt Principal Payments	**(2,358,000)**	(2,289,000)	(2,279,000)
33	**Total Other Sources/(Uses)**	**($3,482,000)**	($3,616,000)	($5,326,000)
34	***CASH INCREASE/(DECREASE)***	**($1,623,000)**	($2,755,705)	($4,167,000)

NOVATO POTABLE WATER
BUDGET SUMMARY
Fiscal Year 2019/20

		Proposed Budget 2019/20	*Estimated Actual 2018/19*	*Adopted Budget 2018/19*
	OPERATING INCOME			
1	Water Sales	**$20,239,000**	$19,225,000	$20,144,000
2	Wheeling & Misc Service Charges	**342,000**	337,000	340,000
3	**Total Operating Income**	**$20,581,000**	$19,562,000	$20,484,000
	OPERATING EXPENDITURES			
4	Source of Supply	**$5,896,000**	$6,638,000	$6,756,000
5	Pumping	**384,000**	395,000	343,000
6	Operations	**685,000**	800,000	580,000
7	Water Treatment	**2,462,000**	2,295,000	2,413,000
8	Transmission & Distribution	**3,431,000**	3,291,000	3,136,000
9	Consumer Accounting	**613,000**	527,000	618,000
10	Water Conservation	**390,000**	344,000	380,000
11	General Administration	**2,182,000**	1,791,705	2,216,000
12	Depreciation Expense	**2,788,000**	2,742,000	2,820,000
13	**Total Operating Expenditures**	**$18,831,000**	$18,823,705	$19,262,000
14	***NET OPERATING INCOME (LOSS)***	**$1,750,000**	$738,295	$1,222,000
	NON-OPERATING INCOME/(EXPENSE)			
15	Interest Revenue	**$150,000**	230,000	100,000
16	Miscellaneous Revenue	**133,000**	179,000	133,000
17	Interest Expense	**(495,000)**	(524,000)	(533,000)
19	Miscellaneous Expense	**(20,000)**	($2,000)	(20,000)
20	**Total Non-Operating Income/(Expense)**	**($232,000)**	($117,000)	($320,000)
21	***NET INCOME/(LOSS)***	**$1,518,000**	$621,295	$902,000
	OTHER SOURCES/(USES) OF CASH			
22	Add Depreciation Expense	**$2,788,000**	$2,742,000	$2,820,000
23	Connection Fees	**340,000**	106,000	680,000
24	Caltrans AEEP Capital Contribution	**1,000**	1,000	1,000.00
25	MMWD AEEP Capital Contribution	**205,000**	245,000	245,000
26	SCWA Water Conservation Grant	-	20,000	30,000
27	Loans	-	-	250,000
28	Capital Equipment Expenditures	**(339,000)**	(250,000)	(355,000)
29	Capital Improvement Projects	**(3,908,000)**	(4,323,000)	(5,760,000)
30	Debt Principal Payments	**(1,410,000)**	(1,360,000)	(1,350,000)
31	Connection Fee Transfer from (to) RWS	**(910,000)**	1,370,000	1,255,000
32	Working Capital Increase/(Decrease)	-	-	-
33	**Total Other Sources/(Uses)**	**($3,233,000)**	($1,449,000)	($2,184,000)
34	***CASH INCREASE/(DECREASE)***	**($1,715,000)**	($827,705)	($1,282,000)

NOVATO POTABLE WATER

FY 19/20 Five-Year Financial Forecast

	Fiscal Year Ending June 30 >	Proposed 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024
	SERVICES					
1	Active Meters @ Fiscal Year End	20,553	20,563	20,573	20,583	20,593
2	Increase for Year - Active Meters	10	10	10	10	10
	WATER PRODUCTION (MG)					
3	Stafford Production	650	650	650	650	650
4	Russian River Purchases	2,080	2,080	2,080	2,080	2,080
5	**Total Water Production**	2,730	2,730	2,730	2,730	2,730
	REVENUE & EXPENSE ($ in 000's)					
	OPERATING REVENUE					
6	Potable Water Sales	$20,239	$21,150	$22,101	$23,096	$24,135
7	Wheeling & Other Misc Service Charges	342	356	370	385	400
8	**Total Operating Revenue**	**$20,581**	**$21,505**	**$22,471**	**$23,481**	**$24,535**
	OPERATING EXPENSE					
9	Russian River Water	$5,710	$6,053	$6,416	$6,801	$7,209
10	Overheaded Operating Labor	7,059	7,271	7,489	7,714	7,945
11	Purification Chemicals	455	469	483	497	512
12	Electric Power	444	457	471	485	500
13	Other Operating Expenses	2,375	2,446	2,520	2,595	2,673
14	Depreciation	2,788	2,820	2,850	2,880	2,910
15	**Total Operating Expense**	**$18,831**	**$19,516**	**$20,228**	**$20,972**	**$21,749**
	NON-OPERATING REVENUE/(EXPENSE)					
16	Interest Revenue	$150	$150	$150	$150	$150
17	Interest Expense	(495)	(963)	(961)	(959)	(959)
18	Misc Other Revenue/(Expense)	113	116	120	123	127
19	**Total Non-Op Revenue/(Expense)**	**($232)**	**($697)**	**($691)**	**($686)**	**($682)**
20	**Net Income**	**$1,518**	**$1,293**	**$1,552**	**$1,823**	**$2,105**
	OTHER SOURCES/(USES) OF FUNDS					
21	Add Depreciation Expense	$2,788	$2,820	$2,850	$2,880	$2,910
22	Connection Fees	340	340	340	340	340
23	MMWD AEEP Capital Contribution	206	206	206	206	206
24	Loans/Grants	-	12,000	-	-	-
25	Capital Equipment Purchases	(339)	(250)	(250)	(250)	(250)
26	Capital Improvement Projects	(3,908)	(5,598)	(9,260)	(3,090)	(2,675)
27	Debt Principal Payments	(1,410)	(1,786)	(1,788)	(1,790)	959
28	FRC Funds Transferred to Recycled Water	(910)	(50)	(50)	(50)	(50)
29	Working Capital Increase	-	-	-	-	-
30	**Total Other Sources/(Uses)**	**($3,233)**	**$7,682**	**($7,952)**	**($1,754)**	**$1,440**
31	**Cash Increase/(Decrease)**	**($1,715)**	**$8,975**	**($6,400)**	**$69**	**$3,545**
32	**Ending Reserve Balance**	**$6,474**	**$15,449**	**$9,049**	**$9,119**	**$12,664**
33	**Target Reserve Balance (90% Op Exp)**	**$14,439**	**$15,026**	**$15,640**	**$16,283**	**$16,955**
34	**% Rate Increase[1]**	**3.5%**	**4.5%**	**4.5%**	**4.5%**	**4.5%**
35	**Median Monthly Single-Family Residential Bill**	**$57**	**$59**	**$62**	**$65**	**$67**

36 Fiscal year 2020 Rate increase to be reviewed for approval by the Board on May 21, 2019. FY 2021 through 2024 are projections for financial forecasting purposes only - not yet approved by the Board of Directors.

NOVATO POTABLE WATER OPERATING BUDGET DETAIL

Fiscal Year 2019/20

		Proposed Budget 19/20	Estimated Actual 18/19	Adopted Budget 18/19	Actual 17/18	Actual 16/17	Actual 15/16	Actual 14/15	Actual 13/14
	STATISTICS								
1	Active Meters	20,553	20,543	20,577	20,543	20,544	20,535	20,498	20,505
2	Avg Commodity Rate/1,000 Gal (Net)	$6.25	$6.00	$5.99	$6.00	$5.40	$5.25	$4.87	$4.81
3	Potable Consumption (BG)	2.60	2.54	2.60	2.52	2.31	2.15	2.44	2.95
	OPERATING INCOME								
4	Water Sales	$20,320,000	$19,308,000	$20,300,000	$19,645,814	$16,772,060	$15,489,903	$16,101,706	$18,385,017
5	Bill Adjustments	(81,000)	(83,000)	(156,000)	(143,395)	(130,587)	(64,461)	(82,790)	(95,470)
6	Sales to MMWD	-	-	-	155,846	-	-	-	432,294
7	Wheeling Charges-MMWD	75,000	75,000	75,000	92,977	91,374	90,217	119,144	100,527
8	Miscellaneous Service Revenue	267,000	262,000	265,000	268,563	252,038	277,479	276,388	265,496
9	**TOTAL OPERATING INCOME**	**$20,581,000**	**$19,562,000**	**$20,484,000**	**$20,019,805**	**$16,984,885**	**$15,793,138**	**$16,414,448**	**$19,087,864**
	OPERATING EXPENSE								
	SOURCE OF SUPPLY								
10	Supervision & Engineering	$11,000	$7,000	$37,000	$9,303	$11,264	$10,586	$11,641	$9,698
11	Operating Expense - Source	14,000	9,000	12,000	6,236	8,513	11,928	11,044	10,497
12	Maintenance/Monitoring of Dam	67,000	33,000	67,000	22,203	24,059	22,796	11,635	19,438
13	Maintenance of Lake & Intakes	20,000	24,000	18,000	10,690	7,575	6,299	511	11,701
14	Maintenance of Watershed	50,000	6,000	50,000	29,646	36,218	17,325	15,151	17,015
15	Water Purchased for Resale to MMWD	-	-	-	111,891	-	-	-	253,539
16	Water Quality Surveillance	14,000	1,000	22,000	6,728	3,513	3,137	7,467	13,713
17	Contract Water - SCWA	5,710,000	6,550,000	6,550,000	5,151,516	4,320,623	3,997,030	4,333,100	5,698,211
18	GASB 68 Adjustment	10,000	8,000	-	8,535	5,682	-	-	-
19	**TOTAL SOURCE OF SUPPLY**	**$5,896,000**	**$6,638,000**	**$6,756,000**	**$5,356,748**	**$4,417,447**	**$4,069,101**	**$4,390,549**	**$6,033,812**
	PUMPING								
20	Operating Expense	$3,000	$0	$3,000	$0	$0	$0	$237	$0
21	Maintenance of Structures/Grounds	32,000	61,000	26,000	32,611	28,514	26,347	51,544	46,502
22	Maintenance of Pumping Equipment	53,000	39,000	62,000	39,435	30,354	13,507	51,013	27,696
23	Electric Power - Pumping	288,000	288,000	252,000	293,588	246,869	212,207	213,909	255,711
24	GASB 68 Adjustment	8,000	7,000	-	6,967	3,496	-	-	-
25	**TOTAL PUMPING**	**$384,000**	**$395,000**	**$343,000**	**$372,601**	**$309,233**	**$252,061**	**$316,703**	**$329,909**
	OPERATIONS								
26	Supervision & Engineering	$158,000	$209,000	$169,000	$253,594	$234,870	$256,231	$241,264	$219,520
27	Operating Expense	238,000	324,000	252,000	400,138	343,890	304,897	244,900	274,893
28	Maintenance Expense	57,000	38,000	56,000	50,339	47,202	34,755	37,667	79,906
29	Telemetry Equipment/Controls Maint	87,000	105,000	86,000	94,523	101,568	68,674	86,544	62,223
30	Leased Line Expense	17,000	17,000	17,000	17,414	17,592	17,704	17,986	17,675
31	GASB 68 Adjustment	128,000	107,000	-	107,728	63,553	-	-	-
32	**TOTAL OPERATIONS**	**$685,000**	**$800,000**	**$580,000**	**$923,736**	**$808,675**	**$682,261**	**$628,361**	**$654,217**

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NOVATO POTABLE WATER OPERATING BUDGET DETAIL

Fiscal Year 2019/20

		Proposed Budget 19/20	Estimated Actual 18/19	Adopted Budget 18/19	Actual 17/18	Actual 16/17	Actual 15/16	Actual 14/15	Actual 13/14
	WATER TREATMENT								
33	Supervision & Engineering	$141,000	$166,000	$152,000	$169,851	$168,945	$130,358	$112,433	$111,096
34	Operating Expense	322,000	281,000	393,000	276,795	349,671	313,024	333,020	285,050
35	Purification Chemicals	455,000	389,000	455,000	438,348	247,260	378,562	358,907	316,762
36	Sludge Disposal	114,000	101,000	119,000	100,305	107,942	90,043	72,720	66,085
37	Maintenance of Structures/Grounds	122,000	108,000	119,000	50,913	78,910	68,351	79,728	60,148
38	Purification Equipment Maintenance	191,000	200,000	203,000	212,385	186,246	150,989	104,290	137,838
39	Electric Power - Treatment	156,000	153,000	156,000	157,374	129,652	113,223	120,592	135,637
40	Laboratory Expense (net)	707,000	686,000	816,000	758,936	768,965	705,212	691,990	655,315
41	GASB 68 Adjustment	254,000	211,000	-	212,624	150,494	-	-	-
42	**TOTAL WATER TREATMENT**	**$2,462,000**	**$2,295,000**	**$2,413,000**	**$2,377,531**	**$2,188,085**	**$1,949,762**	**$1,873,680**	**$1,767,931**
			3,553	3,735	3,351				
	TRANSMISSION & DISTRIBUTION								
43	Supervision & Engineering	$591,000	$521,000	$656,000	$659,085	$569,303	$559,007	$562,934	$486,544
44	Maps & Records	160,000	238,000	180,000	159,512	168,267	110,877	108,956	77,995
45	Operation of T&D System	607,000	683,000	636,000	594,175	582,483	509,160	404,243	511,708
46	Storage Facilities Expense	143,000	105,000	141,000	110,077	155,641	150,066	167,362	134,352
47	Maintenance of Valves & Regulators	192,000	80,000	222,000	173,762	196,162	189,372	151,691	91,709
48	Maintenance of Mains	177,000	173,000	155,000	190,307	149,584	215,077	149,898	72,176
49	Backflow Prevention Program	245,000	181,000	234,000	186,692	155,536	150,298	156,590	147,878
50	Maintenance of Copper Services	146,000	187,000	187,000	157,337	159,769	142,083	202,193	141,987
51	Maintenance of PB Service Lines	481,000	561,000	469,000	471,527	473,695	532,436	432,820	411,357
52	Maintenance of Meters	115,000	105,000	107,000	126,985	66,356	100,402	100,401	94,418
53	Detector Check Assembly Maint	84,000	94,000	70,000	46,056	72,208	54,586	65,749	52,369
54	Maintenance of Hydrants	73,000	17,000	79,000	18,087	51,020	34,311	25,655	22,154
55	GASB 68 Adjustment	417,000	346,000	-	349,390	228,385	-	-	-
56	**TOTAL TRANSMISSION & DISTRIB**	**$3,431,000**	**$3,291,000**	**$3,136,000**	**$3,242,992**	**$3,028,409**	**$2,747,675**	**$2,528,492**	**$2,244,647**
	CONSUMER ACCOUNTING								
57	Meter Reading & Collection	$142,000	$85,000	$250,000	$190,554	$182,663	$189,262	$166,919	$182,216
58	Billing & Accounting	213,000	200,000	228,000	280,268	289,503	281,010	269,054	256,653
59	Contract Billing	18,000	16,000	18,000	16,395	16,692	17,160	16,946	17,561
60	Postage & Supplies	55,000	52,000	55,000	52,735	56,373	58,903	60,032	61,791
61	Credit Card Fees	60,000	55,000	31,000	46,678	29,685	24,592	23,893	14,149
62	Lock Box Service	11,000	11,000	11,000	10,944	10,944	10,944	10,080	
63	Uncollectible Accounts	5,000	14,000	14,000	12,352	12,709	15,382	14,818	19,500
64	Office Equipment Expense	35,000	33,000	27,000	45,256	11,350	23,091	16,743	23,905
65	Distributed to Other Operations	(16,000)	(14,000)	(16,000)	(19,008)	(17,161)	(16,959)	(16,233)	(15,276)
66	GASB 68 Adjustment	90,000	75,000	-	75,257	49,950	-	-	-
67	**TOTAL CONSUMER ACCOUNTING**	**$613,000**	**$527,000**	**$618,000**	**$711,431**	**$642,708**	**$603,385**	**$562,252**	**$560,499**

NOVATO POTABLE WATER OPERATING BUDGET DETAIL

Fiscal Year 2019/20

		Proposed Budget 19/20	Estimated Actual 18/19	Adopted Budget 18/19	Actual 17/18	Actual 16/17	Actual 15/16	Actual 14/15	Actual 13/14
	WATER CONSERVATION								
68	Residential	$255,000	$239,000	$299,000	$235,438	$270,150	$320,620	$410,154	$362,499
69	Commercial	20,000	8,000	19,000	5,818	1,702	3,711	5,352	2,605
70	Public Outreach/Information	44,000	39,000	39,000	33,789	30,618	32,287	34,148	51,638
71	Large Landscape	28,000	22,000	23,000	33,662	36,818	24,877	10,747	12,702
72	GASB 68 Adjustment	43,000	36,000	-	36,183	21,754	-	-	-
73	**TOTAL WATER CONSERVATION**	**$390,000**	**$344,000**	**$380,000**	**$344,890**	**$361,042**	**$381,495**	**$460,401**	**$429,444**
	GENERAL & ADMINISTRATION								
74	Director's Expense	$41,000	$34,000	$39,000	$37,111	$34,384	$34,222	$30,400	$25,300
75	Legal Fees	21,000	21,000	19,000	20,173	28,043	20,488	9,956	20,906
76	Human Resources	52,000	88,000	67,000	62,348	31,451	25,036	33,977	28,386
77	Auditing Services	21,000	22,000	20,000	19,706	16,220	18,770	18,380	21,050
78	Consulting Services/Studies	195,000	231,000	393,000	223,041	51,567	138,735	107,015	0
79	General Office Salaries	1,211,000	1,131,000	1,364,000	1,441,496	1,492,719	1,309,502	1,191,792	1,184,164
80	Office Supplies	47,000	26,000	47,000	33,753	35,048	37,709	36,877	46,174
81	Employee Events	12,000	13,000	12,000	10,123	9,726	10,143	7,379	7,227
82	Other Administrative Expense	15,000	7,000	16,000	12,528	13,960	10,427	13,390	13,240
83	Election Cost	-	18,915	-	0	2,077	250	-	250
84	Dues & Subscriptions	95,000	89,000	73,000	59,362	59,046	59,271	53,296	47,842
85	Vehicle Expense	8,000	8,000	8,000	8,634	9,325	8,112	8,112	8,112
86	Meetings, Conf & Training	189,000	116,000	230,000	149,670	186,436	139,858	136,863	117,425
87	Telephone, Water, Gas & Electricity	49,000	38,000	49,000	40,595	45,355	42,458	38,580	33,328
88	Building & Grounds Maintenance	60,000	57,000	53,000	75,130	62,856	63,344	48,891	35,642
89	Office Equipment Expense	129,000	110,000	129,000	97,003	95,465	87,141	97,868	90,231
90	Insurance Premiums & Claims	128,000	102,000	128,000	92,292	87,319	140,366	102,073	72,192
91	Retiree Medical Benefits	172,000	197,000	172,000	174,528	164,969	168,935	175,580	159,691
92	(Gain)/Loss on Overhead Charges	(120,000)	(319,210)	(39,000)	(357,925)	(19,931)	(89,626)	(85,682)	(222,710)
93	G&A Distributed to Other Operations	(183,000)	(142,000)	(144,000)	(157,976)	(161,036)	(126,771)	(113,218)	(76,538)
94	G&A Applied to Construction Projects	(326,000)	(360,000)	(420,000)	(346,105)	(290,813)	(359,689)	(353,998)	(389,569)
95	GASB45/75 Adjustment (OPEB)	-	-	-	(35,788)	120,988	-	-	-
96	GASB68 Adjustment (Pension Liability)	366,000	304,000	-	342,715	207,182	-	-	-
97	**TOTAL GENERAL & ADMINISTRATION**	**$2,182,000**	**$1,791,705**	**$2,216,000**	**$2,002,414**	**$2,282,356**	**$1,738,681**	**$1,557,531**	**$1,222,343**
98	Depreciation Expense	$2,788,000	2,742,000	$2,820,000	$2,730,867	$2,710,627	$2,577,081	$2,507,124	$2,445,634
99	**TOTAL OPERATING EXPENSE**	**$18,831,000**	**$18,823,705**	**$19,262,000**	**$18,063,210**	**$16,748,582**	**$15,001,502**	**$14,825,093**	**$15,688,436**
100	***NET OPERATING INCOME/(LOSS)***	**$1,750,000**	**$738,295**	**$1,222,000**	**$1,956,595**	**$236,303**	**$791,636**	**$1,589,355**	**$3,399,428**

NOVATO RECYCLED WATER
BUDGET SUMMARY
Fiscal Year 2019/20

		Proposed Budget 2019/20	*Estimated Actual 2018/19*	*Adopted Budget 2018/19*
	OPERATING INCOME			
1	Recycled Water Sales	**$1,194,000**	$1,136,000	$1,154,000
2	Bimonthly Service Charge	**43,000**	41,000	41,000
3	**Total Operating Income**	**$1,237,000**	$1,177,000	$1,195,000
	OPERATING EXPENDITURES			
4	Purchased Water - NSD	**$212,000**	$231,000	$210,000
5	Purchased Water - LGVSD	**63,000**	32,000	63,000
6	Pumping	**6,000**	5,000	6,000
7	Operations	**74,000**	310,000	64,000
8	Water Treatment	**30,000**	16,000	31,000
9	Transmission & Distribution	**62,000**	11,000	56,000
10	Consumer Accounting	**1,000**	1,000	1,000
11	General Administration	**55,000**	52,000	51,000
12	Depreciation	**474,000**	474,000	474,000
13	**Total Operating Expenditures**	**$977,000**	$1,132,000	$956,000
14	***NET OPERATING INCOME (LOSS)***	**$260,000**	$45,000	$239,000
	NON-OPERATING INCOME/(EXPENSE)			
15	Interest Revenue	**$45,000**	$45,000	$10,000
16	Stone Tree Golf/MCC Interest Payments	**36,000**	34,000	29,000
17	Deer Island SRF Loan Interest Expense	**(47,000)**	(53,000)	(53,000)
18	Distrib System SRF Loans Interest Exp	**(240,000)**	(235,000)	(235,000)
19	**Total Non-Operating Income/(Expense)**	**($206,000)**	($209,000)	($249,000)
20	***NET INCOME/(LOSS)***	**$54,000**	($164,000)	($10,000)
	OTHER SOURCES/(USES) OF FUNDS			
21	Add Depreciation Expense	**$474,000**	$474,000	$474,000
23	Connection Fees Transferred from (to) Novato	**910,000**	(1,370,000)	(1,255,000)
24	Stone Tree Golf Principal Repayment	**227,000**	222,000	222,000
25	Capital Improvement Projects	**(120,000)**	(120,000)	(120,000)
26	Deer Island SRF Loan Principal Payments	**(226,000)**	(221,000)	(221,000)
27	Distrib System SRF Loan Principal Pmts	**(650,000)**	(639,000)	(639,000)
28	**Total Other Sources/(Uses)**	**$615,000**	($1,654,000)	($1,539,000)
29	***CASH INCREASE/(DECREASE)***	**$669,000**	($1,818,000)	($1,549,000)

NOVATO RECYCLED WATER
FY 19/20 Five-Year Financial Forecast

	Fiscal Year Ending June 30 >	Proposed 2020	Projected 2021	Projected 2022	Projected 2023	Projected 2024
1	Active Services @ Fiscal Year End	95	95	95	95	95
2	Commodity Rate/1,000 Gal	$5.97	$6.24	$6.52	$6.81	$7.12
3	Consumption (MG)	200	200	200	200	200
	OPERATING REVENUE					
4	Recycled Water Sales	$1,194	$1,248	$1,304	$1,363	$1,424
5	Bimonthly Service Charge	43	45	47	49	51
6	**Total Operating Revenue**	**$1,237**	**$1,293**	**$1,351**	**$1,412**	**$1,475**
	OPERATING EXPENSE					
7	Purchased Water - NSD	$212	$218	$225	$232	$239
8	Purchased Water - LGVSD	$63	65	67	69	71
9	Overheaded Operating Labor	98	101	104	107	110
10	Electric Power	5	5	5	5	5
11	Other Operating Expenses	125	127	130	133	136
12	Depreciation	474	474	474	474	474
13	**Total Operating Expense**	**$977**	**$990**	**$1,005**	**$1,020**	**$1,035**
	NON-OPERATING REVENUE/(EXPENSE)					
14	Interest Revenue	$81	$64	$67	$70	$70
15	Interest Expense	(287)	(248)	(231)	(212)	(212)
16	Other Revenue/(Expense)	-	-	-	-	-
17	**Total Non-Op Revenue/(Expense)**	**($206)**	**($184)**	**($164)**	**($142)**	**($142)**
18	**NET INCOME/(LOSS)**	**$54,000**	**$119,000**	**$182,000**	**$250,000**	**$298,000**
	OTHER SOURCES/(USES) OF FUNDS					
19	Add Depreciation Expense	$474	$474	$474	$474	$474
21	StoneTree Principal Repayment	227	251	251	251	251
22	Marin CC Principal Repayment	-	78	79	81	81
23	Novato Potable FRC Fund Trsf	910	50	50	50	50
24	Capital Improvement Projects	(120)	(120)	(120)	(120)	(120,000)
25	Deer Island TP Loan Principal Pmt	(226)	(232)	(237)	(243)	(243)
26	Distrib Sys Exp Loan Principal Pmt	(650)	(698)	(710)	(722)	(722)
27	**Total Other Sources/Uses**	**$615**	**($197)**	**($213)**	**($229)**	**($229)**
28	**Cash Increase/(Decrease)**	**$669**	**($78)**	**($31)**	**$21**	**$69**
29	**Ending Reserve Balance**	**$4,821**	**$4,743**	**$4,712**	**$4,733**	**$4,802**
30	**% Rate Increase**	**3.5%**	**4.5%**	**4.5%**	**4.5%**	**4.5%**

31 Fiscal year 2020 Rate Increase to be reviewed for approval by the Board on May 21, 2019. FY 2021 through 202
are projections for financial forecasting purposes only - not yet approved by the Board of Directors.

WEST MARIN WATER
BUDGET SUMMARY
Fiscal Year 2019/20

		Proposed Budget 2019/20	*Estimated Actual 2018/19*	*Adopted Budget 2018/19*
	OPERATING INCOME			
1	Water Sales	**$912,000**	$913,000	$868,000
2	Misc Service Charges	**7,000**	8,000	7,000
3	**Total Operating Income**	**$919,000**	$921,000	$875,000
	OPERATING EXPENDITURES			
4	Source of Supply	**$15,000**	$21,000	$15,000
5	Pumping	**48,000**	52,000	42,000
6	Operations	**49,000**	51,000	52,000
7	Water Treatment	**170,000**	152,000	159,000
8	Transmission & Distribution	**162,000**	154,000	139,000
9	Consumer Accounting	**28,000**	21,000	27,000
10	Water Conservation	**9,000**	4,000	10,000
11	General Administration	**96,000**	63,000	96,000
12	Depreciation Expense	**187,000**	187,000	197,000
13	**Total Operating Expenditures**	**$764,000**	$705,000	$737,000
14	***NET OPERATING INCOME (LOSS)***	**$155,000**	$216,000	$138,000
	NON-OPERATING REVENUE/(EXPENSE)			
15	PR-2 County Tax Allocation	**$56,000**	$55,000	$55,000
16	Miscellaneous Revenue	**-**	-	4,000
17	Interest Revenue	**38,000**	38,000	14,000
18	Bond & Loan Interest Expense	**(25,000)**	(28,000)	(29,000)
19	**Total Non-Operating Income/(Expense)**	**$69,000**	$65,000	$44,000
20	***NET INCOME/(LOSS)***	**$224,000**	$281,000	$182,000
	OTHER SOURCES/(USES) OF FUNDS			
21	Add Depreciation Expense	**$187,000**	187,000	$197,000
22	Connection Fees	**-**	8,000	23,000
23	Capital Improvement Projects	**(930,000)**	(235,000)	(1,325,000)
24	Bond & Loan Principal Payments	**(72,000)**	(69,000)	(69,000)
25	**Total Other Souces/(Uses)**	**($815,000)**	($109,000)	($1,174,000)
26	***CASH INCREASE/(DECREASE)***	**($591,000)**	$172,000	($992,000)

WEST MARIN WATER

FY 19/20 Five-Year Financial Forecast

#		Budget 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24
	BASIC DATA					
1	Active Meters	783	784	784	785	785
2	Avg Commodity Rate/1,000 Gal	$11.01	$11.51	$12.03	$12.57	$13.13
3	Potable Consumption (MG)	66.0	66.0	66.0	66.0	66.0
	OPERATING REVENUE					
4	Commodity Charge	$727,000	$760,000	$794,000	$829,000	$867,000
5	Bimonthly Service Charge	185,000	192,000	199,000	206,000	213,000
6	Miscellaneous Service Charges	7,000	7,000	7,000	7,000	7,000
7	**Total Operating Revenue**	**$919,000**	**$959,000**	**$1,000,000**	**$1,042,000**	**$1,087,000**
8	Operating Expenditures	$577,000	$594,000	$612,000	$630,000	$649,000
9	Depreciation Expense	187,000	203,000	216,000	221,000	224,000
10	**Total Operating Expense**	**$764,000**	**$797,000**	**$828,000**	**$851,000**	**$873,000**
11	**NET OPERATING INCOME**	**$155,000**	**$162,000**	**$172,000**	**$191,000**	**$214,000**
	NON-OPERATING REVENUE/(EXPENSE)					
12	Interest Revenue	$38,000	$11,000	$7,000	$7,000	$10,000
13	Interest Expense	(25,000)	(23,000)	(20,000)	(17,934)	(17,934)
14	PR-2 County Tax Allocation	56,000	56,000	57,000	58,000	59,000
15	Miscellaneous	-	-	-	-	-
16	**Total Non-Op Revenue/(Expense)**	69,000	44,000	44,000	47,066	51,066
17	**Net Income**	**$224,000**	**$206,000**	**$216,000**	**$238,066**	**$265,066**
	OTHER SOURCES/(USES)					
18	Add Depreciation Expense	$187,000	$203,000	$216,000	$221,000	$224,000
19	Connection Fees	-	23,000	-	23,000	-
20	Capital Improvement Projects	(930,000)	(760,000)	(275,000)	(150,000)	(1,077,000)
21	Loan Proceeds	-	-	-	-	-
22	Debt Principal Payments	(72,000)	(70,000)	(79,000)	(81,000)	(72,000)
23	Net Change in Working Capital	-	-	-	-	-
24	**Total Other Sources/(Uses)**	**($815,000)**	**($604,000)**	**($138,000)**	**$13,000**	**($925,000)**
25	**Cash Increase/(Decrease)**	**($591,000)**	**($398,000)**	**$78,000**	**$251,066**	**($659,934)**
26	Operating Reserve	$198,000	$204,000	$210,000	$216,300	$216,300
27	System Expansion Reserve	730,000	326,000	413,000	672,766	12,766
28	Liability Contingency Reserve	99,000	99,000	99,000	99,000	99,000
29	Bond Redemption Reserve	30,000	15,000	-	-	-
30	**ENDING CASH BALANCE**	**$1,057,000**	**$659,000**	**$737,000**	**$988,000**	**$328,000**

Fiscal year 2020 Rate Increase to be reviewed for approval by the Board on June 25, 2019. FY 2021 through 2024 are projections for financial forecasting purposes only - not yet approved by the Board of Directors.

OCEANA MARIN SEWER
BUDGET SUMMARY
Fiscal Year 2019/20

		Proposed Budget 2019/20	*Estimated Actual 2018/19*	*Adopted Budget 2018/19*
	OPERATING INCOME			
1	Monthly Sewer Service Charge	**$261,000**	$252,000	$252,000
2	Misc Service Charges	**-**	0	-
3	**Total Operating Income**	**$261,000**	$252,000	$252,000
	OPERATING EXPENDITURES			
4	Sewage Collection	**$87,000**	$63,000	$78,000
5	Sewage Treatment	**52,000**	55,000	47,000
6	Sewage Disposal	**46,000**	14,000	39,000
7	Consumer Accounting	**2,000**	2,000	2,000
8	General Administration	**42,000**	25,000	29,000
9	Depreciation Expense	**37,000**	37,000	37,000
10	**Total Operating Expenditures**	**$266,000**	$196,000	$232,000
11	***NET OPERATING INCOME (LOSS)***	**($5,000)**	$56,000	$20,000
	NON-OPERATING REVENUE/(EXPENSE)			
12	OM-1/OM-3 Tax Allocation	**$60,000**	$59,000	$59,000
13	Interest Revenue	**8,000**	8,000	6,000
14	Miscellaneous Revenue	-	-	-
15	Miscellaneous Expense	-	(1,000)	-
16	**Total Non-Op Income/(Expense)**	**$68,000**	$66,000	$65,000
	NET INCOME/(LOSS)	**$63,000**	$122,000	$85,000
	OTHER SOURCES/(USES) OF FUNDS			
17	Add Depreciation Expense	**$37,000**	37,000	$37,000
18	Connection Fees	**-**	-	30,000
19	Grant/Loan Proceeds	**69,000**	-	69,000
20	Capital Improvement Projects	**(155,000)**	(441,000)	(565,000)
21	**Total Other Souces/(Uses)**	**($49,000)**	($404,000)	($429,000)
22	***CASH INCREASE/(DECREASE)***	**$14,000**	($282,000)	($344,000)

OCEANA MARIN SEWER

FY 19/20 Five-Year Financial Forecast

#		Budget 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23	Projected 2023/24
	BASIC DATA					
1	Number of Connections	234	234	235	235	236
2	Monthly Service Charge	$93.00	$98.00	$102.00	$107.00	$112.00
	OPERATING REVENUE					
3	Monthly Service Charge	$261,000	$275,000	$288,000	$302,000	$317,000
4	Miscellaneous Service Charges	-	-	-	-	-
5	**Total Operating Revenue**	**$261,000**	**$275,000**	**$288,000**	**$302,000**	**$317,000**
	OPERATING EXPENSE					
6	Operating Expenditures	$229,000	$235,000	$242,000	$249,000	$256,000
7	Depreciation Expense	37,000	37,000	38,000	39,000	40,000
8	**Total Operating Expense**	$266,000	$272,000	$280,000	$288,000	$296,000
9	**NET OPERATING INCOME**	**($5,000)**	**$3,000**	**$8,000**	**$14,000**	**$21,000**
	NON-OPERATING REVENUE/(EXPENSE)					
10	Interest Revenue	$8,000	$3,000	$3,000	$4,000	$2,000
11	Interest Expense	-	-	(9,000)	(8,000)	(8,000)
12	OM-1/OM-3 Tax Allocation	60,000	62,000	64,000	66,000	68,000
13	Miscellaneous Revenue	-	-	-	-	-
14	Miscellaneous Expense	-	-	-	-	-
15	**Total Non-Op Revenue/(Expense)**	**$68,000**	**$65,000**	**$58,000**	**$62,000**	**$62,000**
	Net Income	**$63,000**	**$68,000**	**$66,000**	**$76,000**	**$83,000**
	OTHER SOURCES/(USES)					
16	Add Depreciation Expense	$37,000	$37,000	$38,000	$39,000	$40,000
17	Connection Fees	-	-	30,000	-	30,000
18	Capital Improvement Projects	(155,000)	(190,000)	(1,110,000)	(320,000)	(140,000)
19	Grant/Loan Proceeds	69,000	113,000	1,038,000	-	-
20	Debt Principal Payments	-	-	(9,000)	(9,000)	(24,000)
21	Net Change in Working Capital	-	-	-	-	-
22	**Total Other Sources/(Uses)**	**($49,000)**	**($40,000)**	**($13,000)**	**($290,000)**	**($94,000)**
23	**Cash Increase/(Decrease)**	**$14,000**	**$28,000**	**$53,000**	**($214,000)**	**($11,000)**
24	**ENDING CASH BALANCE**	**$293,000**	**$321,000**	**$374,000**	**$160,000**	**$149,000**

Fiscal year 2020 Rate Increase to be reviewed for approval by the Board on June 25, 2019. FY 2021 through 2024 are projections for financial forecasting purposes only - not yet approved by the Board of Directors.

CAPITAL IMPROVEMENT PROJECTS

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		FY20	FY21	FY20 Project Description
1.	PIPELINE REPLACEMENTS/ADDITIONS			
	a. Main/Pipeline Replacements			
	1 Replace 12" CI Pipe (785LF) S. Novato Bl (btwn Rowland/Adele)	-	$100,000	
	2 Replace Plastic Thin Walled Pipe < 4-inch	$150,000	$150,000	Ongoing systematic replacement of all plastic TW pipe < 4-inch.
	3 Other Main Replacements (60+ years old)	$200,000	$200,000	Unplanned repairs/replacements for failing mains.
		$350,000	$450,000	
	b. Main/Pipeline Additions			
1.7150.00	1 San Mateo 24" Inlet/Outlet Pipe (2,200')	$50,000	$742,000	Multiyear project to install 1,600 feet of 24-inch pipe from San Mateo Tank to the end of San Mateo Way to improve northern Zone 2 fire flow.
	2 Other Main/Pipeline Additions	-	$150,000	
		$50,000	$892,000	
	c. Polybutylene Service Line Replacements			
1.7139.xx	1 Replace PB in Sync w/City Paving (30 Services)	$70,000	$70,000	Ongoing systematic replacement of PB services in advance of City paving projects.
1.7123.xx	2 Other PB Replacements (80 Services)	$80,000	$80,000	Ongoing systematic replacement of PB services.
		$150,000	$150,000	
	d. Relocations to Sync w/City & County CIP			
1.8737.xx	1 Other Relocations	$70,000	$70,000	Relocate facilities for yet to be identified City/County Projects.
		$70,000	$70,000	
	TOTAL PIPELINE REPLACEMENTS/ADDITIONS	$620,000	$1,562,000	

CAPITAL IMPROVEMENT PROJECTS

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		FY20	FY21	FY20 Project Description
2.	SYSTEM IMPROVEMENTS			
1.7007.11	a. DCA Repair/Replace (~14/yr)	$100,000	$60,000	Detector Check Assembly replacements.
1.7090.04	b. Anode Installations (150/yr)	$10,000	$10,000	Place anodes on copper laterals for corrosion protection.
1.7178.00	c. Asset Management Software Procure/Implement	$163,000	-	Software to eliminate paper records and improve efficiencies for ranking capital expenditures .
1.7136.00	d. Facilities Security Enhancements	$25,000	$25,000	Tanks & PS security improvements.
	e. San Marin Aqueduct Valve Pit (STP to Zone 2)	-	$110,000	
	TOTAL SYSTEM IMPROVEMENTS	$298,000	$205,000	
3.	BUILDING, YARD, STP IMPROVEMENTS			
	a. Administration Building			
1.6501.43	1 Electronic Document Management System	$70,000	$70,000	Manage digital document creation, storage, retrieval & expiration.
1.6501.44	2 Office/Yard Building Renovation (Note 1)	$900,000	$3,000,000	50-year-old building requires significant upgrading.
1.6502.47	3 Yard Roof Repairs	-	$100,000	
		$970,000	$3,170,000	
	b. Corp Yard/Warehouse/Construction Office			
1.6502.47	1 Other Yard Improvements	$30,000	-	Ongoing building repairs that arise unexpectedly. Ex - Roof leaks, HVAC replacements, etc.
		$30,000	-	
	c. Stafford Treatment Plant			
	1 Dam Concrete Repair (Apron)	$50,000	-	Ongoing periodic repair of Lake Stafford dam face (apron).
1.4064.00	2 Leveroni Creek Embankment Repair	$191,000	-	Repair/stabilize culvert embankment under access road to STP/IVGC.
1.6600.92	3 Other Treatment Plant Improvements	$114,000	$50,000	Miscellaneous plant improvements
1.4060.00	4 Efficiency Improvements	$100,000	$100,000	Improvement of sludge treatment process as suggested in the Efficiency Study.
		$455,000	$150,000	
	TOTAL BUILDING, YARD, STP IMPROVEMENTS	$1,455,000	$3,320,000	

CAPITAL IMPROVEMENT PROJECTS

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		FY20	FY21	FY20 Project Description
4.	STORAGE TANKS/PUMP STATIONS			
	a. Tank Construction			
1.6207.20	1 Old Ranch Rd Tank No. 2 (100k gal)	$150,000	$481,000	Replace and upsize existing redwood tank due to the current tank approaching end of useful life.
		$150,000	$481,000	
	b. Tank Rehabilitation			
1.7170.00	1 Hydropneumatic Tank Repairs	$30,000	$30,000	Ongoing program to inspect/Repair the 7 tanks in compliance with State Code.
1.6205.22	2 Cherry Hill #2 Recoat (0.2 MG)	$400,000	-	Remove and replace coating system to extend tank life.
		$430,000	$30,000	
1.6112.24	c. Lynwood P.S. Motor Control Center	$320,000	-	Move motor controls above-ground.
1.6141.00	d. Crest PS (Design/Const) /Reloc School Rd PS	$635,000	-	Replace School Rd PS with new facility on Bahia Drive.
		$955,000	-	
	TOTAL STORAGE TANKS/PUMP STATIONS	$1,535,000	$511,000	
5.	RECYCLED WATER			
5.7127.00	a. NBWRA Grant Program Administration	$20,000	$20,000	Continued support of NBWRA to obtain/administer recycled water project Federal/State grants for the Central Project.
5.7162,xx	b. Other Recycled Water Expenditures	$100,000	$100,000	Retrofit existing potable irrigation customers to RW.
		$120,000	$120,000	

CAPITAL IMPROVEMENT PROJECTS

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		FY20	FY21	FY20 Project Description
6.	WEST MARIN WATER SYSTEM			
2.6263.20	a. Replace PRE Tank #4A (25K gal w/125K gal)	$550,000	-	Replace and upsize redwood tank destroyed in Vision Fire with concrete tank.
2.6609.20	b. New Gallagher Well #2	$75,000	$260,000	Permit and construct 2nd well at Gallagher Ranch.
2.8829.00	c. PB Replace in Sync w/ County Paving	$50,000	$50,000	For 25 replacements.
2.8912.00	d. Lagunitas Creek Bridge Pipe Replacement (Caltrans)	$200,000	$450,000	Relocate/replace 8-inch water main across Lagunitas Creek Bridge (bridge project 2021).
	e. Olema Creek Bridge Pipe Replacement (County)	$35,000	-	Relocate/replace 8-inch water main across Olema Creek Bridge (bridge project 2022).
	f. Olema PS Wireless to Tank	$20,000	-	Installation of radio communications link.
		$930,000	$760,000	
7.	OCEANA MARIN SEWER SYSTEM			
8.8672.28	a. Infiltration Repair (Manhole Relining)	$40,000	$40,000	Ongoing work to identify and repair collection pipelines to prevent rainwater from leaking into the system.
8.7173.00	b. OM Treatment Pond Rehab (Note 2)	-	$150,000	
	c. Tahiti Way Lift Pump 1 Assembly	$115,000	-	Replacement of lift pump.
		$155,000	$190,000	

CAPITAL IMPROVEMENT PROJECTS

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	FY20	FY21	FY20 Project Description
SUMMARY - GROSS PROJECT OUTLAY			
Novato Water	$3,908,000	$5,598,000	
Recycled Water	$120,000	$120,000	
West Marin Water	$930,000	$760,000	
Oceana Marin Sewer	$155,000	$190,000	
GROSS PROJECT OUTLAY	$5,113,000	$6,668,000	
LESS FUNDED BY LOANS/GRANTS/OTHER			
a. Office/Yard Building Refurbish (Note 1)	-	($3,900,000)	
b. OM Treatment Pond Rehab (Note 2)	-	($113,000)	
TOTAL LOAN/GRANT FUNDS	-	($4,013,000)	
SUMMARY - NET PROJECT OUTLAY			
Novato Capital Improvement Net Project Outlay	$3,908,000	$1,698,000	
Recycled Water	$120,000	$120,000	
West Marin Water	$930,000	$760,000	
Oceana Marin Sewer	$155,000	$77,000	
NET PROJECT OUTLAY	$5,113,000	$2,655,000	
Total Number of District Projects	32	26	
	$2,530,000		

CAPITAL IMPROVEMENT PROJECTS

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	FY20	FY21	FY20 Project Description
NOVATO POTABLE WATER DEBT SERVICE			
a. STP SRF Loan	$1,044,000	$1,044,000	
b. AEEP Bank Loan	$483,000	$483,000	
c. Advanced Meter Info Retrofit Loan	$377,000	$377,000	
d. Admin Building Renovation Loan (Note 1)	$0	$844,000	
	$1,904,000	$2,748,000	
NOVATO RECYCLED WATER DEBT SERVICE			
e. Deer Island Facility SRF Loan	$273,000	$273,000	
f. RW North Expansion SRF Loan	$282,000	$282,000	
g. RW South Expansion SRF Loan	$332,000	$332,000	
h. RW Central Exp SRF Loan (Net of MCC)	$276,000	$276,000	
	$1,163,000	$1,163,000	
WEST MARIN WATER DEBT SERVICE			
i. PRE-1 Revenue Bond	$14,000	-	
j. PR-6 Revenue Bond	$13,000	$13,000	
k. TP Solids Handling Bank Loan	$71,000	$71,000	
	$98,000	$84,000	
OCEANA MARIN SEWER DEBT SERVICE			
l. CIP Financing	-	$18,000	
	-	$18,000	
TOTAL DEBT SERVICE	$3,165,000	$4,013,000	
NET PROJECT OUTLAY & DEBT SERVICE	$8,278,000	$6,668,000	

CAPITAL IMPROVEMENT PROJECTS

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		FY20	FY21	FY20 Project Description
	STUDIES & SPECIAL PROJECTS			
1.4057.00	a. Local Water Supply Enhancement Study	$25,000	$100,000	
1.4076.00	b. CVRA - Transition from At-Large Elections	$15,000	-	
1.4077.00	c. PG&E Potter Valley FERC Relicensing	$10,000	-	
1.4059.00	d. Stafford Lake Water Rights Update	$50,000	-	
1.4058.20	e. Water Rate Study	$50,000	-	
	f. Stafford Dam Emergency Action Plan Update	$10,000	-	
	g Stafford Lake Sediment Survey (every 10 yrs)	-	$50,000	
	h. Stafford Lake Sanitary Survey	15,000	-	
1.4050.00	i. Urban Water Management Plan (every 5 yrs)	$20,000	$30,000	
		$195,000	$180,000	

Note 1 - $12M Office/Yard Renovation is proposed to be funded by 20 year 3.5% Bank Loan.
Note 2 - $1.2M OM Treatment Project funded by debt and /or grant funds.

EQUIPMENT EXPENDITURES

Fiscal Year 19/20 Budget

			Approved	Description
	1	**ADMINISTRATION**		
12101.01.00	a.	Website Upgrade	$10,000	Modernize website to a current design making it more mobile and multiple browser
12101.01.00	b.	Exchange Server Upgrade	$7,000	Required Microsoft Exchange server upgrade to receive ongoing support.
12101.01.00	c.	Timekeeping Software Upgrade	$10,000	Upgrade timekeeping system from slow outdated unsupported software.
			$27,000	
	2	**OPERATIONS/MAINTENANCE**		
12106.01.00	a.	Metals Analyzer	$105,000	Replace 20-year old metals analyzer as its repair components are no longer available.
			$105,000	
	3	**CONSTRUCTION/MAINTENANCE**		
12106.01.00	b.	Fittings & Hose for Emergency Hose Trailer	$21,000	Potable Water Hose 660' (6")
			$21,000	
	4	**VEHICLE & ROLLING EQUIPMENT EXPENDITURES**		Rolling Stock to be Transferred & Auctioned or Description
12104.01.00	a.	1/2 ton 2WD Pick-Up w/Tool Box & Radio	$28,000	Replace #47 2000 Chevy K1500.
12104.01.00	b.	Vacuum Excavator	$130,000	Replace #44 2002 International.
12104.01.00	c.	Hybrid SUV w/Radio	$28,000	Replace #56 2005 Honda Civic.
			$186,000	
		Total	**$339,000**	

RECAP	Adopted Budget 2018/19	Estimated Actual 2018/19	**Proposed Budget 2019/20**
Equipment	$180,000	$32,000	$153,000
Rolling Stock	$175,000	$119,000	$186,000
	$355,000	**$151,000**	**$339,000**

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MEMORANDUM

To: Board of Directors May 3rd, 2019

From: Ryan Grisso, Water Conservation Coordinator RG

Subject: FY18/19 Third Quarterly Progress Report - Water Conservation
V:\Memos to Board\Quarterly Reports\Water Conservation FY 2018_2019 QTR 3 Summary Report.doc

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None

Water Conservation:

This memo provides an update on water conservation and public outreach activities implemented during the first three quarters of Fiscal Year 2019. Water Conservation participation numbers for the first three quarters of the current and previous two fiscal years are summarized in Table 1 below.

Table 1: Water Conservation Program Participation (July through March: FY 2017 - 2019)

Program	FY17	FY18	FY19
Water Smart Home Surveys	312	243	190
Water Smart Commercial Surveys	3	4	1
High Efficiency Toilet Rebates (Residential)	165	100	131
High Efficiency Toilet Rebates (Commercial)	1	0	3
Retrofit on Resale (Dwellings Certified)	205	190	134
High Efficiency Washing Machine Rebates	50	19	8
Cash for Grass Rebates	49	12	13[1]
Water Smart Landscape Rebates	7	3	4
Weather Based Irrigation Controller Rebates	9	13	13
New Construction Sign-offs (Residential)	10	18	15
New Construction Sign-offs (Commercial)	18	13	16

(1) Cash for Grass participants removed 16,792 square feet of turf (vs. 10,680 square feet in FY 18).

Water conservation participation has continued to trend low this fiscal year in the post 2014-2015 drought period (consistent with other utilities throughout northern California). Cash for Grass participation levels are extraordinarily low and clothes washer rebates continue to be well below historical participation levels (with the absence of an energy provider rebate). Toilet rebates have rebounded slightly from last fiscal year, but still remain lower than overall historical participation levels. The Water Smart Home Survey and Retrofit on Resale programs have remained fairly consistent, and Weather Based Irrigation Controller rebates continue to gain in popularity with the increasing presence of Wi-Fi based controllers in the market.

Public Outreach and Conservation Marketing

In the first three quarters of FY19, the District distributed the Fall 2018 issue of "Water Line" to the Novato Service Area. This issue updated customers on: water supply and conservation achievements, progress on the recycled water expansion project, AMI project status including information on how to register online, and informed customers on the 2018 Strategic Plan. The Fall 2018 "Water Line" also provided some capital improvement project highlights completed in 2018. The District also actively maintains Facebook and Instagram pages with regular updates on water use efficiency, construction projects and other District activities. The District also maintains a NextDoor account and does targeted postings of pertinent District information to designated service area neighborhoods. The Novato and West Marin Spring 2019 "Water Line" is scheduled for distribution in the fourth quarter of the fiscal year. The District has a series of outreach events planned for the fourth quarter of the fiscal year including booths at the Tour of Novato, City Green Living Festival, and Eco-Friendly Garden Tour. Lastly, the District has hired Kiosk Creative Services to develop a comprehensive communications plan, consistent with the goals listed in the District's 2018 Strategic Plan, which is expected to be completed by this summer.

Budget

Table 2 summarizes the first three quarter expenditures for the most recent three fiscal years (July-March). FY19 expenditures have bounced back to that of FY17 and are tracking close to planned expenses for FY19.

Table 2: Water Conservation and Public Outreach Expenditures (July through March: 2016 - 2018)

	FY17	FY18	FY19
Total Budget	$460,000	$440,000	$380,000
July-March Actual	$234,190	$214,848	$231,416

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MEMORANDUM

To: Board of Directors Date: May 3, 2019

From: Rocky Vogler, Chief Engineer RV

Subject: FY18-19 Third Quarter Progress Report – Engineering Department
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The purpose of this memo is to provide a third quarter status report to the Board on the District's performance in completing budgeted FY18-19 Capital Improvement Projects (CIP). The following information supplements the progress report summary provided to the Board each month.

SUMMARY

Service Areas	Project Costs ($)		% Complete		Earned Value ($)	
	Budget ($)	Forecast ($)	Planned	Actual	Planned	Actual
Novato Water	5,760,000	3,988,453	65	64	3,910,000	3,212,153
Novato Recycled	120,000	$160,000	70	63	90,000	110,000
West Marin	1,890,000	$970,000	55	43	1,475,000	502,650
TOTAL	7,700,000	5,118,453	65	56	5,475,000	3,824,803

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 Novato, Novato Recycled Water and West Marin service areas will not exceed approved FY18-19 budget levels. For the Novato Water system, the above tabulation shows that CIP expenditures are forecast to be $3.99M (69% of the approved budget versus a forecast of 53% at this time last year). Actual performance for the Novato Water system (64%) trails planned performance for project completion (65%). Actual performance for the Novato Recycled Water system is below planned performance for project completion (i.e., 63% actual vs. 70% planned). With respect to West Marin (including Oceana Marin), CIP expenditures of $970,000 are forecast to be below (i.e., 51%) the approved FY18-19 budget value (versus a forecast of 38% at this time last year). Planned performance through the third quarter for West Marin was projected to be 55% and actual completion performance is at 43%. Overall, for the Novato Water, Novato Recycled Water and West Marin water systems, combined actual performance (i.e., 56%) is less than planned performance (i.e. 65%).

Novato Service Area Project Variances

As shown in Attachment A, all FY18-19 Novato CIPs are currently projected to be completed at or below original budget (with the exception of Asset Management Software Procure/Implementation – additional funding approved by the Board on December 4, 2018).

During the third quarter, four new projects have been added: Novato Fair Shopping Center Backflow; STP – Bird Netting; STP – SCADA Upgrade; and Wildhorse Valley Tank PG&E Service Relocation. No projects have been deleted/deferred during the third quarter.

Novato Recycled Water Service Area Project Variances

As shown in Attachment A, all new FY18-19 Novato Recycled Water CIPs are currently projected to be completed at or below original budget.

No new recycled water projects have been added or deferred/dropped during the third quarter.

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

As shown in Attachment A, all FY18-19 West Marin CIP expenditures are currently projected to be completed within the original budget except the FY18 carryover project – OM Treatment Pond Rehab – 404 Grant (FEMA). Four West Marin projects have been added: PRTP Security Fence; PRTP Relocate Production Meter; WM Brominated-TTHM Reduction and Tahiti Way Lift Pumps Rebuild project. No projects have been deferred/dropped during the third quarter.

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 FY18-19 labor budget for Developer Projects and District Projects is 1,414 (9% of total) and 3,370 (23% of total), respectively. A chart of actual hours expended versus budgeted hours for both Developer and District projects during FY18-19 is provided in Attachment B. At the end of the third quarter, actual engineering labor hours expended for Developer work was 67% (934 hours) versus 75% (1,053 hours) budgeted. With respect to District Projects, 1,757 labor hours (52% of budget) have been expended on Capital Improvement Projects which is below the third quarter estimate of 2,528 hours budgeted for the nine-month period. Some of the discrepancy can be explained by staff transition at the associate engineer position.

FY 18-19

CAPITAL IMPROVEMENTS PROJECTS

PROJECTS BUDGETED	NOVATO SERVICE AREA	WEST MARIN/ OCEANA MARIN	TOTAL
Original Budget	23	8	31
Added	7	7	14
FY 17-18 Carryover	2	1	3
Deferred/Dropped	2	0	2
Adjusted Budget	30	16	46

	Date Brought to Board
FY17-18 CARRYOVER	
Novato	
PB Repl: Brooke/Robinhood/McIntosh/Charmaine/Timothy	First Quarter Report
Recycled Water – Central On-Site Retrofit	First Quarter Report
West Marin	
OM Treatment Pond Rehab – 404 Grant	Second Quarter Report
DEFERRED/DROPPED	
Novato	
Electronic Document Management System	Second Quarter Report
Automate Zone Valve (Slowdown Ct)	Second Quarter Report
West Marin	
None	
PROJECTS ADDED	
Novato	
Bel Marin Keys / 101 On-Ramp Pipe Repair	First Quarter Report
Montego Key Pipeline Replacement	Second Quarter Report
Other PB Replacements – Lanham Village (31)	Second Quarter Report
Novato Fair Shopping Center – Backflow	Third Quarter Report
STP – Bird Netting	Third Quarter Report
STP – SCADA Upgrade	Third Quarter Report
Wildhorse Valley Tank PG&E Service Relocation	Third Quarter Report
West Marin	
Lagunitas Creek Bridge Pipe Replacement	First Quarter Report
PB Replacements: State Route One	Second Quarter Report
Olema Creek Bridge Pipe Replacement	Second Quarter Report
PRTP Security Fence	Third Quarter Report
PRTP Relocate Production Meter	Third Quarter Report
WM Brominated-TTHM Reduction	Third Quarter Report
Tahiti Way Lift Pumps Rebuild	Third Quarter Report

NOVATO SYSTEM CAPITAL IMPROVEMENT PROJECTS SUMMARY FY18-19

AS OF MARCH 31, 2019

STATUS	DEPT	ITEM #	PROJECT NO.	DESCRIPTION	PROJECT COSTS		% COMPLETE		EARNED VALUE	
					Budget	Forecast	Baseline	Actual	Planned	Actual
			1. PIPELINE REPLACEMENTS/ADDITIONS							
C	Eng	1	1.a.1	Ridge Rd 6" ACP (8" @ 1,400')	$140,000	$88,004	75	100	$105,000	$88,004
C	Eng	2	1.a.2	Replace Shady Lane Service Saddles	$100,000	$26,823	100	100	$100,000	$26,823
	Eng	3	1.a.3	Other Main Replacements (60+ yrs old)	$160,000	$100,000			$0	$0
C	Eng	4	1.a.5	**Bel Marin Keys/101 On Ramp Pipe Repair**	**$0**	**$48,209**	75	100	$0	$48,209
PC	Eng	5	1.b.1	San Mateo 24" Inlet/Outlet Pipe	$500,000	$50,000	75	30	$375,000	$15,000
PC	Eng	6	1.c.1	Country Lane 2" Plastic	$150,000	$150,000	75	90	$112,500	$135,000
C	Eng	7	1.c.2	*PB Repl: Brooke/Robinhood/McIntosh/Charmaine/Timothy*	*$0*	*$23,972*	100	100	$0	$23,972
PC	Eng	8	1.c.4	**Other PB Replacements - Lanham Village**	**$0**	**$60,000**	0	40	$0	$24,000
PC	Eng	9	1.d.2	**Montego Keys Pipe Replacement**	**$70,000**	**$140,000**	0	50	$0	$70,000
				SubTotal	$1,120,000	$687,008				
			2. SYSTEM IMPROVEMENTS							
PC	Eng	10	2.a	DCA Repair/Replace	$60,000	$60,000	75	40	$45,000	$24,000
	Eng	11	2.b	Anode Installations	$30,000	$0				
			2.c	~~Automate Zone Valve (Slowdown Ct.)~~ - DELETED	$100,000	$0				
PC	Admin	12	2.d	AMI Retrofit	$2,500,000	$2,000,000	75	95	$1,875,000	$1,900,000
PC	Eng	13	2.e	Asset Mgmt Software Procure/Implement	$75,000	$150,000	25	25	$18,750	$37,500
PC	Ops	14	2.f	Facilities Security Enhancements	$25,000	$25,000	75	60	$18,750	$15,000
PC	Eng	15	2.g	**Novato Fair Shopping Center Backflow**	**$0**	**$20,000**	50	15	$0	$3,000
				SubTotal	$2,790,000	$2,255,000				
			3. BUILDINGS, YARD, & S.T.P. IMPROVEMENTS							
			3.a.1	~~Electronic Document Management System~~ - DEFER	$140,000	$0			$0	$0
PC	Admin	16	3.a.2	Office/Yard Building Renovation	$250,000	$60,000	75	25	$187,500	$15,000
C	Eng	17	3.b.1	Coat Concrete Clearwells	$590,000	$590,000	75	100	$442,500	$590,000
PC	Ops	18	3.b.2	Other Treatment Plant Improvements (Replace Ferric Tank)	$50,000	$30,000	75	25	$37,500	$7,500
	Eng	19	3.b.3	Stafford Spillway Repairs						
C	Ops	20	3.b.4	**STP - Bird Netting**	**$0**	**$16,445**	50	100	$0	$16,445
PC	Ops	21	3.b.5	**STP - SCADA Upgrade**	**$0**	**$13,000**	50	90	$0	$11,700
				SubTotal	$1,030,000	$709,445				
			4. STORAGE TANKS & PUMP STATIONS							
PC	Eng	22	4.a.1	Old Ranch Rd Tank Replace	$60,000	$60,000	75	50	$45,000	$30,000
	Maint	23	4.b.1	Hydropneumatic Tank Repairs	$30,000	$30,000				
PC	Eng	24	4.b.2	Cherry Hill #2 Recoat	$250,000	$50,000	75	40	$187,500	$20,000
PC	Eng	25	4.c	Lynwood PS Motor Control Center	$280,000	$60,000	75	40	$210,000	$24,000
PC	Eng	26	4.d	Crest PS (design/const)/Reloc School Rd PS	$200,000	$100,000	75	50	$150,000	$50,000
C	Ops	27	4.e	**Wildhorse Valley Tank PG&E Service Relocation**	**$0**	**$37,000**	75	100	$0	$37,000
				SubTotal	$820,000	$337,000				
				Novato Water Total	5,760,000	3,988,453	65	64	$3,910,000	$3,212,153
			5. RECYCLED WATER FACILITY							
PC	Admin	28	5.a	NBWRA Grant Program Administration	$20,000	$20,000	75	75	$15,000	$15,000
C	Eng	29	5.e	*RW Central On-Site Retrofit*	*$0*	*$90,000*	75	100	$0	$90,000
PC	Eng	30	5.l	Other Recycled Water Expenditures - 1390 Novato Blvd.	$100,000	$50,000	75	10	$75,000	$5,000
				Novato Recycled Total	$120,000	$160,000	75	62	$90,000	$110,000
				Total Novato	$5,880,000	$4,148,453	70	63	$4,000,000	$3,322,153

[1]C - Completed
PC - Partially completed

PROJECT FORECAST REVISED
Baseline projects with revised forecast budget increases (indicated by shaded box)
Baselined projects to be deferred (indicated in strikeout)
New projects added **(indicated in bold)**
Prior year projects carried over indicated in italics and brackets <>

ATTACHMENT A

WEST MARIN CAPITAL IMPROVEMENT PROJECT SUMMARY FY18-19
AS OF MARCH 31, 2019

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	31	6.a	Replace PRE Tank #4A	$625,000	$75,000	75	50	$468,750	$37,500
PC	Eng	32	6.b	New Gallagher Well #2	$90,000	$25,000	75	10	$67,500	$2,500
PC	Eng	33	6.c	PB Replace in Sync w/County Paving	$50,000	$50,000	0	5	$0	$2,500
PC	Eng	34	6.d	TP Solids Handling	$550,000	$50,000	75	20	$412,500	$10,000
PC	Ops	35	6.e	Relocation of Production Meter	$10,000	$29,000	25	25	$2,500	$7,250
PC	Eng	36	6.f	**PB Replacements - State Route One**	**$0**	**$20,000**	75	75	$0	$15,000
PC	Eng	37	6.g	**Lagunitas Creek Bridge Pipe Replacement**	**$0**	**$25,000**	25	40	$0	$10,000
PC	Eng	38	6.h	**Olema Bridge Pipe Replacement**	**$0**	**$5,000**	25	25	$0	$1,250
C	Ops	39	6.i	**PRTP Security Fence**	**$0**	**$5,000**	100	100	$0	$5,000
PC	Ops	40	6.j	**PRTP Relocate Production Meter**	**$0**	**$4,000**	10	10	$0	$400
PC	Ops	41	6.k	**WM Brominated - TTHM Reduction**	**$0**	**$225,000**	5	5	$0	$11,250
				SubTotal	$1,325,000	$513,000				
			7. Oceana Marin Sewer System							
	Ops	42	7.a	Infiltration Repair	$40,000	$40,000	75	0	$30,000	$0
C	Eng	43	7.b	Pond Dredging & Solids Disposal	$400,000	$265,000	100	100	$400,000	$265,000
	Ops	44	7.c	*OM Treatment Pond Rehab - 404 Grant (FEMA)*	$0	$2,000				
PC	Ops	45	7.d	OM Treatment Pond Rehab - Storm Damage (FEMA)	$125,000	$125,000	75	90	$93,750	$112,500
PC	Ops	46	7.e	**Tahiti Way Lift Pumps Rebuild**	**$0**	**$25,000**	90	90	$0	$22,500
				SubTotal	$565,000	$457,000				
				Total West Marin	$1,890,000	$970,000	55	43	$1,475,000	$502,650
				FY18-19 TOTAL	$7,770,000	$5,118,453	65	56	$5,475,000	$3,824,803

[1]C - Completed
PC - Partially completed

PROJECT FORECAST REVISED
Baseline projects with revised forecast budget increases (indicated by shaded box)
Baselined projects to be deferred (indicated in strikeout)
New projects added **(indicated in bold)**
Prior year projects carried over indicated in italics

ATTACHMENT B

\Engineering Server\CHIEF ENG\McIntyre\Budgets\FY09-10 Budget\IP Project Summary Report FY18-19 3rd quarter.xls

15

NORTH BAY WATERSHED ASSOCIATION

North Bay Watershed Association

Board Meeting Notice

May 3, 2019

9:30 am– 11:30 pm
Novato Sanitary District
9:30 am – 11:30 pm

Next Meeting

June 7th, 2019
Marin Municipal
Water District

Board Meeting Agenda

1. Call to Order 9:30 am
Jack Gibson, Chair

2. Public Comment

3. Approval of Agenda 1 min.
Action: Approve

4. Approval of Minutes 1 min.
Action: Approve

5. Treasure's Report 1 min.
Action: Accept

6. Information Sharing 9:45 am
Member Agency Delegates share items of Interest to NBWA
Delegates
Information

7 Overview of Solano County Water 10:00 am
The SCWA GM will review the current operations and issues at the Agency
Roland Sanford, General Manager, Solano County Water Agency
Information about NBWA's newest member

8. 2020 Conference Planning 10:30 am
Judy Kelly, Ex. Director
Frances Knapzik, Napa Co. RCD
Information and Board Recommendations

9. NBWA Board Leadership 10:45 am
Jack Gibson, Chair

10. Proposed 2019/2020 NBWA Budget 11:00 am
Judy Kelly, Ex. Director
Action: Approve

10. Announcements 11:25 am

Items for next meeting

16

DISBURSEMENTS - DATED APRIL 25, 2019

Date Prepared 4/22/19

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 4/15/19 & Final Payout	$138,954.72
EFT*	Internal Revenue Service	Federal & FICA Taxes PPE 4/15/19 & Final	60,829.94
EFT*	State of California	State Taxes & SDI PPE 4/15/19 & Final Payout	12,709.83
EFT*	CalPERS	Pension Contribution PPE 4/15/19	34,353.84
EFT*	US Bank	March Bank Analysis Charge (Lockbox $912 & Other $383, Less Interest of $174)	$1,120.36
1	Alpha Analytical Labs	Lab Testing	50.00
2	American Family Life Ins	April AFLAC Employee Paid Benefit	3,073.23
3	Arrow Benefits Group	March Dental Expense	3,850.00
4	AT&T	Leased Lines (2)	66.06
5	Automation Direct	Pressure Transmitter for Ponte P/S	200.00
6	Bank of Marin	Bank of Marin Loan Principal & Interest (Pymt 90 of 240) (Aqueduct Energy Efficiency Project)	46,066.67
7	Bold & Polisner	March Legal Fees (Potter Valley Project)	1,344.00
8	Caramucci, Joseph & Margaret	Refund Overpayment on Closed Account	70.25
9	Comcast	April Internet Connection	143.29
10	Core Utilities	Consulting Services: March IT Support ($6,000), SCADA ($150), RWF Reports ($175), Flood Alarm @ Gallagher Well ($75), Maintenance on AMI System ($900) & Website Maintenance ($275)	7,575.00
11	Cummings Trucking	Rock (187 yds) ($7,138) & Sand (112 yds) ($7,187)	14,325.67
12	Draeger	Fit Testing for SCBA Mask for Individual Operators, Escape Breathing & Kcart (STP)	1,074.50

*Prepaid

Seq	Payable To	For	Amount
13	Electrical Equipment	Motor Overload for PRTP Well #2 & Replacement Motor for Pump #1 @ Olema P/S ($1,091)	1,281.67
14	Genterra Consultants	Prog Pymt#18: Dam Safety Consulting Services for STP (Balance Remaining on Contract $9,638)	97.25
15	Ghilotti Construction	Prog Pymt #1: Country Lane Pipeline Replacement - On-call Construction & Repair Services (Balance Remaining on Contract $126,457)	73,543.00
16	Grainger	Membrane Filter (400) ($218) (STP), Hand Soap (2 Pk), Kneeling Mats (6) ($183), Screwdrivers (4), Tubing Cutters (10) ($117), Cable Ties (200), Potassium Iodide (STP) ($197), Battery Backups for STP SCADA ($214) & Reflective Grit for Marking Valves (24" x 30' roll) ($438)	1,472.19
17	Hach	Phosphoric Acid (5 gal) (STP)	317.05
18	Harrington Industrial Plastics	STP Sample Pump	354.20
19	Henderson, Van	Novato "Toilet Rebate" Program	100.00
20	Idexx Laboratories	Colilert Media (200) (Lab)	815.13
21	Intellaprint Systems	Quarterly Equipment Maintenance on KIP Engineering Scanner/Copier	447.00
22	Integra Chemical	Dechlorination Tablets (1,400)	5,997.00
23	Lee-Ware, Carmen	Refund Alternative Compliance Reg 15 Deposit	630.00
24	Leighton Stone	Solenoid Valves for Air Operator @ STP	881.00
25	Lincoln Life	Deferred Compensation PPE 4/15/19	10,354.86
26	McLellan, WK	Striping @ Novato Blvd & San Marin Drive ($945) & Misc Paving @ Multiple Locations ($5,449)	6,394.19
27	Morgenlaender, Rolf & Margaret	Refund of Deposit/New Development/WC Restriction-Novato	1,000.00
28	Mutual of Omaha	May Group Life Insurance Program	904.71
29	Nationwide Retirement Solution	Deferred Compensation PPE 4/15/19	1,670.00

Seq	Payable To	For	Amount
30	Neopost USA	Ink Cartridge ($199) & Brush Kit for Admin Copier	221.35
31	New Resources Group	Hose Nozzles (50) & Water Saving Faucet Adaptors (750) ($760) for Water Conservation Give-A-Ways	908.50
32	Noll & Tam Architects	Prog Pymt#10: NMWD Headquarters Upgrade Master Plan (Balance Remaining on Contract $45,914)	3,160.00
33	Novato Sanitary District	December 2018 RW Operating Expenses	20,516.98
34	Pace Supply	3" Bolts (392) ($500), Service Saddles (4) ($328), Bell Restrainers (8) ($1,106), Ells (6) & 8" Acc Set Mega Lug & T-Bolts (12) ($1,403)	3,713.47
35	Pape Machinery	Parts, Labor & Travel Time to Replace Ride Control Assembly ('04 JD Backhoe)	1,887.33
36	Parkinson Accounting Systems	Accounting Software Support (4/1/19-6/30/19)	1,500.00
37	Peterson Trucks	Front End Parts ('06 Int'l 4300 Crew Truck)	840.59
38	PG&E	Power: Bldg/Yard ($3,007), Rect/Controls ($430), Pumping ($18,568), Treatment ($268) & Other ($180)	22,454.46
39	Point Reyes Prop Mgmt Assn	April HOA Dues (25 Giacomini Rd)	75.05
40	Pumping Solutions	Rebuild Kits for 2" Diaphragm Pump (Construction)	607.05
41	Rosenberg, Kenneth	Novato "Toilet Rebate" Program	150.00
42	SMART	Easement Access @ GG Crossing	812.03
43	Soiland	Asphalt Recycling (18 tons)	89.70
44	Sonoma County Water Agency	March Contract Water	328,057.38
45	SPG Solar	March Energy Delivered Under Solar Services Agreement	10,102.90
46	Tamagno Green Products	Sludge Removal from STP (14 yds)	420.00
47	Thatcher Chemical	Chlorine (2,000 lbs) (STP)	2,144.00
48	Township Building Services	March Janitorial Services	2,035.48

Seq	Payable To	For	Amount
49	T & T Valve & Instrument	I/P Module for STP Filter Valve ($419) & Replacement Solenoid Valves for Air Valves @ STP ($574)	993.84
50	USA BlueBook	Starch Indicator (STP)	53.94
51	VWR International	Acid Based Indicator ($51) (500 ml), Citronox Acid Detergent (1 gal) ($224), Lead Free Autoclave Tape (4) ($91), Weight Dishes (50) & Sulfuric Acid (Lab)	422.97
52	White & Prescott	Prog Pymt#11: Crest Pump Station Site Plan & Prog Pymt#12: Old Ranch Road Tank Site ($1,665) (Balance Remaining on Contract $17.975)	1,785.00
		TOTAL DISBURSEMENTS	**$835,018.63**

The foregoing payroll and accounts payable vouchers totaling $835,018.63 are hereby approved and authorized for payment.

Julie Blue 4/23/19

Auditor-Controller Date

4/23/19

General Manager Date

DISBURSEMENTS - DATED MAY 2, 2019

Date Prepared 4/30/19

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
*90170	CalPERs	May Health Insurance Premium (Employees $50,222, Retirees $12,603 & Employee Contribution $9,777)	$72,602.53
*90171	US Bank Card	Notary Class, Exam & Supplies ($837) (Solar), ACWA 2019 Spring Conf Regist & Meals in Monterey ($725) (Vogler), AWWA Spring Conf Regist in Sacramento ($590) (Foster & Miranda), Office Supplies & Misc ($245), Standing Adjustable Desk ($175) (Rodriguez), Employee Meetings ($102) & Government Finance Officers Assoc Budgeting Best Practices Training ($85) (Blue)	$3,154.12
1	Allied Heating & Air Condition	Quarterly Maintenance on HVAC System ($417) & Replacement Parts ($257)	674.12
2	All Star Rents	Air Compressor Rental (1 Day)	148.04
3	Alpha Analytical Labs	Lab Testing	335.00
4	Alphagraphics Marin	Rate Increase Letters (18,513) ($4,397), Envelopes & Mailing Services ($2,018)	7,400.80
5	Amazon/Genuine-Hardware	Trail Cameras & Readers for Ammo Hill ($185), Office Supplies, Gate Control Parts for STP ($110), Ops & Maintenance Supplies ($57), Radios for Valve P1 7 ($339) & Electrical Grease (3) ($75)	828.75
6	AT&T	April Internet Connection	90.00
7	Automation Direct	Pressure Transducers (2) for PRE #1 & 3 Pump Stations	254.00
8	Bay Area Barricade Service	Traffic Signs for Backflow, E/M & B/G Department (2 - 36" x 36")	487.54
9	Bold & Polisner	March Legal Fees	3,654.00
10	Caltest Analytical Laboratory	Lab Testing	70.30
11	Catarina, Anna	Refund Overpayment on Closed Account	56.00

*Prepaid

Seq	Payable To	For	Amount
12	Clark, Robert	Exp Reimb: AMS, Inc. - Bailer for STP	83.43
13	Diesel Direct West	Diesel (286 gals) ($3.01/gal)	1,169.57
14	Environmental Express	Filters (100) (Lab)	191.24
15	Evoqua Water Technologies	Deionization System Rental (4/1/19 - 9/30/19) (Lab)	321.00
16	Fedak & Brown	Progress Billing During Month of March for FY19 Financial Audit	1,050.00
17	Fisher Scientific	Glass Bottles (8-500 ml) (Lab)	65.97
18	GHD	Prog Pymt#12: Lynwood P/S (Balance Remaining on Contract $33,491)	1,528.50
19	Grainger	O' Rings (25), 3/8" Hose Reel ($556) ('13 Vac Excavator & Trailer) & Replacement ADA Door Operator for Front Office Lobby ($2,374)	2,934.41
20	Home Depot	Electric Grease (8-3 oz tubes)	78.04
21	Idexx Laboratories	Vessels (200) (Lab)	228.76
22	InfoSend	March Processing Fee for Water Bills ($1,611) & Postage ($4,561) & March Monthly Support Fee ($888)	7,060.35
23	International Dioxide	Filter Cartridge for Chlorine Dioxide Generator @ STP	231.86
24		Vision Reimbursement	29.00
25		Vision Reimbursement	41.25
26	Kehoe, Chris	Exp Reimb: Safety Boots	200.00
27	Kelley, Diane M.	Novato "Cash for Grass" Rebate Program	350.00
28	Kennedy Jenks	Prog Pymt#6: Engineering Services Update Novato Water System Master Plan (Total Project Cost $45,002)	17,364.10
29	McLellan, WK	Misc Striping	2,205.00
30	Neopost USA	Postal Meter Rental (5/1/19-5/31/19)	124.43

Seq	Payable To	For	Amount
31	Old Republic Title	Payment for Property Acquisition from City of Novato by NMWD for the Crest Pump Station Project	5,725.00
32	O'Reilly Auto Parts	Brake Cleaner (36-14oz cans) ($97), Tire Foam (6-20oz cans) & Protectant (8-16oz bottles)	195.63
33	Darlene D. Rhodes	Prog Pymt #2: HR Consulting Services (Balance Remaining on Contract $10,456)	3,981.25
34	Rockwell Engineering & Equipment	Replacement Pump Ends for Pump #2 @ OM Lift Station	21,967.67
35	Scott Technology Group	Quarterly Maintenance on Engineering Copier (1/16/19-4/15/19)	1,099.98
36	Soiland	Asphalt Recycling (7 tons)	35.75
37	US Bank	March Safekeeping Treasury Securities	184.75
38	VWR International	Test Kits (25) ($396) & Reagents (2) ($215) (Lab)	611.58
39	Wiley Price & Radulovich	April Legal Fees	135.00
40	West Yost Associates	Prog Pymt#2: STP Process Efficiency Improvement Study (Balance Remaining on Contract $33,599)	21,843.00
		TOTAL DISBURSEMENTS	**$180,791.72**

The foregoing payroll and accounts payable vouchers totaling $180,791.72 are hereby approved and authorized for payment.

Julie Blue 4/30/19

Auditor-Controller Date

4/30/19

General Manager Date

MEMORANDUM

To: Board of Directors May 3, 2019

From: Ryan Grisso, Water Conservation Coordinator RG

Subject: Spring 2019 Novato "*Water Line*", Volume 20, Issue 42
V:\Memos to Board\Spring 2019 WaterLine Text 0519.doc

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: $8,000 (Included in FY 2018/2019 Budget)

The Spring 2018 Novato "*Water Line*", Volume 20, Issue 42 is attached for your information. The Novato *"Water Line"* was mailed early this year on April 30, 2019 to include information on the District's transition to by-district elections.

NORTH MARIN WATER DISTRICT

THE WATER LINE

NOVATO'S SERVICE AREA NEWSLETTER • VOLUME 20 ISSUE 42 SPRING 2019

Water Supply Update: Novato's Water – Use it Wisely

Drew McIntyre, General Manager

This year, rainfall in Novato is above 35-inches and 28% above our average of 27.3-inches. Stafford Lake began spilling on February 7, 2019 and production at Stafford Lake Water Treatment Plant started March 21, 2019. Since that time, ongoing spring rainfall has maintained Stafford Lake capacity above 100% resulting in continued spillway overflows well into the month of April. On the Russian River, Sonoma County Water Agency reservoirs supplying Novato (i.e., Lake Sonoma and Lake Mendocino) were at or above 100% as of late April of this year. While there is currently adequate water supply, maintaining water use efficiency is important. Novato water customers continue to use less water when compared to the state's baseline of 2013. Thank you for your ongoing efforts to use water efficiently. NMWD is committed to using our local supplies to the fullest extent possible. In addition to surface water supply for Stafford Lake Treatment Plant production, NMWD, in cooperation with our local sanitary districts, completed a major expansion in drought proof, recycled water supply in 2018.

Stafford Lake

As reported in previous newsletters, the state is developing long-term water-use efficiency measures that are aimed at making conservation a way of life in California. The state will continue to require some "common sense" water use prohibitions and NMWD continues to report monthly water production statistics to the state for ongoing monitoring. Customers are urged to participate in the many water conservation programs offered by NMWD. See www.nmwd.com for details.

NMWD's AMI Project is Complete

Julie Blue, Auditor/Controller

NMWD is excited to announce that the Advanced Meter Information (AMI) system deployment program is complete. The deployment project began in March 2018 and over 21,000 meters have been upgraded. The District commenced deployment of an AMI system to improve water use efficiency as well as meter reading efficiency, accuracy, and customer service. The project included meter upgrades for customers throughout NMWD's Novato service territory. With the AMI system, digital meter data is sent securely via radio to NMWD headquarters for billing purposes. This technology provides early leak detection and enables customers to view water use information online, thereby gaining a better understanding of their water use patterns. As a part of the AMI system, a new online payment and WaterSmart Portal has been developed. We encourage you to "sign-in" on the portal to get acquainted with the system and learn more about your water use. Customers will now have access to hourly water use data and are able to set up alerts for high use and leak events on the WaterSmart Portal. Please visit www.onlinebiller.com/nmwd to register. If any customers have issues registering or logging-on to www.onlinebiller.com/nmwd or the WaterSmart Portal, please call 415-897-4133 and a staff member can guide you through the process.

Transitioning to By-District (Division) Elections

The District has initiated the process to transition from at-large elections to by-district (zone) elections. Our new District Elections page contains up-to-date information regarding the process and can be found at www.nmwd.com

Transición a Elecciones por Distrito (División)

El Distrito ha iniciado el proceso de transición de elecciones generales a elecciones por distrito (zona). Nuestra nueva página de Elecciones de Distrito contiene información actualizada sobre el proceso y se puede encontrar aquí: www.nmwd.com

Pay your bills online at: www.onlinebiller.com/nmwd

NMWD Lawn Replacement Programs

Ryan Grisso, Water Conservation Coordinator

Cash for Grass

NMWD offers a cash incentive for removing regularly maintained and automatically irrigated lawn areas and replacing them with District-approved low water use plantings on drip irrigation. The incentive will pay you up to $50 per 100 square feet of lawn area (maximum $400 per single family dwelling). Pre-qualification site visit and re-landscaping plan approval is required for participation.

OR

Lawn be Gone

This program is for "do-it-yourselfers" who want to replace lawn areas by covering and composting in place - a process known as "sheet-mulching". NMWD offers delivery of free compost, cardboard and mulch for eligible sheet-mulching projects. Pre-qualification site visit and landscape plan approval required prior to participation. Delivery will be performed by NMWD's designated contractor.

See www.nmwd.com for rules and application forms, and then call 415-761-8944 to schedule an appointment.

Water Smart Savings Program

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

Water Smart Home Survey:
This free service includes thorough indoor and outdoor water efficiency checks.

Water Conserving Fixtures:
Free showerheads, faucet aerators and self-closing hose nozzles are available upon request from time to time.

Rainwater Catchment Rebate:
Rebate for collection and storage of rainwater.

High Efficiency Clothes Washer Rebate:
NMWD offers a rebate to customers when they purchase a qualifying high efficiency clothes washer.

Cash for Grass Rebate:
Get cash for removing irrigated and maintained lawn and replacing it with low water use plants. Pre-qualification required.

Water Smart Landscape Rebate:
Rebates available for water efficient landscape equipment, such as a new drip irrigation system replacing a spray system or a rain shut off device.

Smart Controller Rebate:
A Smart Controller uses weather data and site specific information to automatically adjust run times.

High Efficiency Toilet Rebate:
Customers who replace an old water-guzzling toilet with a high efficiency toilet may be eligible for a rebate.

Greywater Rebate:
Rebate for the reuse of water from washing machine, shower or bathroom sink to water landscape plants.

Other Programs:
Other programs include pool cover rebate, hot water recirculation system rebate and "Lawn Be Gone" sheet mulching program.

NORTH MARIN WATER DISTRICT

999 Rush Creek Place
PO Box 146
Novato, CA 94948

www.nmwd.com

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See Special Notice Regarding NMWD's Transition To By-District Elections

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Free Water Smart Home Survey Program

The Water Smart Home Survey Program offers customers a chance to have a NMWD representative complete a FREE water use efficiency survey. Our friendly and knowledgeable survey technicians can show you how to easily become more water use efficient and we will help you understand how to program your irrigation controller. You'll also get free low-flow showerheads and sink aerators as needed to achieve maximum water use efficiency.

On the Survey we will inspect:

- Sprinklers & irrigation systems
- Landscaping
- Water meter
- Faucets
- Showerheads
- Toilets
- Clothes washers
- Other water-using devices in the home

Call today to schedule your **Free Water Smart Home Survey:** 415-761-8944

MEMORANDUM

To: Board of Directors May 3, 2019

From: Ryan Grisso, Water Conservation Coordinator RG

Subject: Spring 2019 West Marin's *Water Line*, Volume 16
V:\Memos to Board\Spring 2019 WM WaterLine Text 0519.doc

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: $2,000 (included in WM FY 2018/2019 Budget)

The Spring 2019 West Marin "*Water Line*", Volume 16 is attached for your information. The West Marin 2019 *"Water Line"* was mailed early this year on April 30, 2019 to include information on the District's transition to by-District elections.

NORTH MARIN WATER DISTRICT

THE WATER LINE

WEST MARIN'S WATER CONSERVATION NEWSLETTER • VOLUME 16 • SPRING 2019

Normal Year Conditions on Lagunitas Creek

NMWD water supply for West Marin customers is diverted from shallow wells adjacent to Lagunitas Creek near the former U.S. Coast Guard Housing Facility in Point Reyes Station and on Gallagher Ranch.

At 55-inches through April 1, this year's rainfall is classified as a normal year (a normal year is declared when total precipitation from October 1 to April 1 exceeds 28-inches measured at the Marin Municipal's Kent Lake). While this will not be a dry year, some common-sense prohibitions against water waste and non-essential use remain in effect.

We encourage you to use water efficiently, identify and fix leaks immediately, and participate in NMWD's water use efficiency programs. See reverse side for details.

Salinity Intrusion Impacts on our Water Supply

The two NMWD West Marin service area wells near the former Coast Guard housing property are subject to ongoing salinity intrusion from Tomales Bay. This intrusion of salty water into the aquifer is most pronounced from mid summer to late fall and has been worsening. Bromide in the salty water can result in the increased concentration of disinfection by-products. To help address this issue, NMWD developed an additional well on the Gallagher Ranch, upstream of any tidal influence and potential salinity intrusion. However, the capacity of this well is limited and the District is working to increase this high quality water supply. In addition, NMWD is planning installation of a satellite water polishing system containing activated carbon in the Paradise Ranch Estates (PRE) service zone to address disinfection by-product formation resulting from increased salinity levels. This package water system could be installed at the PRE Tank 1 site before mid-summer.

Transitioning to By-District (Division) Elections

The District has initiated the process to transition from at-large elections to by-district (zone) elections. Our new District Elections page contains up-to-date information regarding the process and can be found at www.nmwd.com

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Free Water Smart Home Survey Program

The Water Smart Home Survey Program offers customers a chance to have a NMWD representative complete a FREE water use efficiency survey. Our friendly and knowledgeable survey technicians can show you how to easily become more water use efficient and we will help you understand how to program your irrigation controller. You'll also get free low-flow showerheads and sink aerators as needed to achieve maximum water use efficiency.

On the Survey we will inspect:

- Sprinklers & irrigation systems
- Landscaping
- Water meter
- Faucets
- Showerheads
- Toilets
- Clothes washers
- Other water-using devices in the home

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Pay your bills online at: www.onlinebiller.com/nmwd

Water Smart Savings Program

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

High-Efficiency Toilet Rebate

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

High-Efficiency Clothes Washer Rebate Program

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

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Water Smart Landscape Efficiency Rebate

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

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

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

Cash for Grass

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

Rainwater Harvesting and Graywater Rebate

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

MEMORANDUM

To: Board of Directors

May 3, 2019

From: Nancy Williamson, Sr. Accountant NW

Subj: Self-Insured Workers' Comp – 3rd Quarter Status Report
L:\acl\word\personnel\wc\self ins status 0319.docx

RECOMMENDED ACTION: None

FINANCIAL IMPACT: Cumulative Savings of $558,216

The District returned to self-insuring its workers compensation liability effective July 1, 2011, after the low-cost proposal for first-dollar workers' compensation coverage increased 20% over the prior year, to $159,331. The avoided-cost since returning to self-insurance is calculated at $420,313. When the Reserve for Future Medical (which is the estimated cost to fully resolve open claims) is added, the total cash outlay avoided to date, including interest earned on the cost avoided, is $558,216. This cash is set-aside in a reserve for future claims.

Through the 3rd quarter of FY19, the District incurred four claims. Due to the reduction in cost of policy premiums and decreased savings margin the benefits of self-insuring will be evaluated and reconsidered for FY20. Attached are charts showing a 10-year history of annual claims cost (average $61,000 per year) and 10-year history of claims frequency (average 5 claims per year).

	FY12 through FY16	FY17	FY18	FY19	Cumulative
Premium Avoided	$1,057,526[1]	$191,000[2]	$109,260[3]	$77,064[4]	$1,434,850
Self-Insurance Cost					
Medical/Indemnity	(182,907)	(278,901)	(15,695)	(2,666)	(480,169)
Third-Party Administration	(60,000)	(12,000)	(12,000)	(9,000)	(93,000)
Excess Insurance Premium[5]	(247,754)	(58,638)	(62,358)	(37,541)	(406,290)
Legal/Miscellaneous	(24,592)	(1,102)	(6,777)	(2,607)	(35,078)
Net Cost Avoided	$542,274	($159,641)	$12,430	$25,250	$420,313
Reserve for Future Medical	0	68,504	23,108	0	91,612
Total Cash Outlay Avoided	$542,274	($91,136)	$35,538	$25,250	$511,925
Interest Earned on Cash Outlay Avoided	11,453	9,124	9,710	16,004	46,291
Cash Savings	$553,727	($82,012)	$45,248	$41,254	$558,216

[1] Proposed annual premium of $159,331 (FY12), $170,574 (FY13), $311,764 (FY14), $203,722 (FY15) and $212,135 (FY16)

[2] Allied World Assurance was the low cost proposal with an annual premium of $191,000.

[3] Zenith Insurance Company was the low cost proposal with an annual premium of $109,260.

[4] Zenith Insurance Company was the low cost proposal with an annual premium of $102,752.

[5] Excess Insurance Protects the District against Catastrophic Loss Exceeding $1,000,000 per claim.

Workers' Compensation Medical, Indemnity & Disability Cost by Year Injury Incurred
10 Year History
4/1/2019
Average = $61,000
Travelers Insurance
Self -Insured
$9,112
$11,321
$10,237
$20,131
$163,022
$1,324
$8,202
$347,405
$38,858
$2,757
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019 YTD
Fiscal Year Ending June 30
Excludes Excess Insurance & TPA expense

Workers' Compensation Claims Filed - Frequency
10 Year History
4/1/2019
Average = 5
7
8
2
3
4
9
4
6
6
4
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019 YTD
Fiscal Year Ending June 30

MEMORANDUM

To: Board of Directors May 3, 2019

From: Nancy Williamson, Senior Accountant NW

Subj: Information – FY19 3rd Quarter Labor Cost Report
t:\ac\word\memo\19\3rd qtr labor cost rpt.doc

RECOMMENDED ACTION: Information Only

FINANCIAL IMPACT: None

Total labor cost increased $4,100 (0.1%) from the prior fiscal year. 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 was 4.7% under budget through the end of the fiscal year.

Department	Increase / (Decrease) in Labor Cost vs prior FY	% Change
Administration	($102,600)	(6.4%)
Engineering	($33,031)	(3.3%)
Operations/Maint	$35,402	1.7%
Construction/Maint	$104,329	9.5%
Net Increase/(Decrease)	$4,100	0.1%

Comment on Change from Prior Year

Administration: Labor Cost decreased $102,600, or 6.4%. The decrease is primarily due to the resignation of the Accounting/Human Resource Supervisor on July 24th, 2018 and that position remaining vacant and to the Auditor Controller and District Secretary positions being filled with lower salaries than their predecessors. The decrease was offset by the two Senior Accountants working extra hours and also to hours worked from retirees for special projects and general support to the Accounting staff. The Consumer Services Supervisor worked extra hours due to the implementation of the AMI Project. There were also five 5% step increases, and the 3.8% labor cost increase effective October 1 of 2018.

Engineering: Labor Cost decreased $33,031, or 3.3%. The decrease is primarily due to the retirement of an Associate Civil Engineer on October 31, 2018 and that position not being filled until December 3, 2018 at a lower salary and to less temporary hours worked. The decrease was offset by five 5% step increases and the aforesaid 3.8% labor cost increase.

Operations/Maintenance: Labor Cost increased $35,402, or 1.7%. The increase was primarily due to seventeen 5% step increases, and the 3.8% labor cost increase. The increase was offset by the retirements of the Sr. Elec/Mech tech on December 30, 2017 and the Maintenance Supervisor on May 31, 2018 and those positions being filled with lower salaries.

Construction/Maintenance: Labor Cost increased $104,329, or 9.5%. The increase was due to 918 more hours worked (partially due to two employees being on unpaid leave for a period of time in FY18), eight 5% step-increases and the 3.8% labor cost increase.

5/3/19

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Total Labor Cost
NMWD Fiscal Year through March
5-Year Comparison

	5 Year Avg Growth Rate
Ops/Maint	3.3%
Const/Maint	4.5%
Admin	3.8%
Engineering	-0.9%
Total	2.9%

	Jul 14 - Mar 15	Jul 15 - Mar 16	Jul 16 - Mar 17	Jul 17 - Mar 18	Jul 18 - Mar 19
Ops/Maint	$1,878,608	$2,103,562	$2,144,534	$2,106,946	$2,142,348
Const/Maint	$1,006,437	$1,066,733	$1,050,921	$1,095,530	$1,199,859
Admin	$1,295,475	$1,509,961	$1,655,110	$1,607,989	$1,505,389
Eng	$998,379	$929,414	$942,869	$995,384	$962,353
Total	$5,178,898	$5,609,670	$5,793,433	$5,805,849	$5,809,948

Ops/Maint Const/Maint Admin Eng Total

ATTACHMENT A

5/3/19

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Overtime Cost
NMWD Fiscal Year through March
5-Year Comparison

	Jul 14 - Mar 15	Jul 15 - Mar 16	Jul 16 - Mar 17	Jul 17 - Mar 18	Jul 18 - Mar 19
Ops/Maint	$69,744	$73,759	$73,285	$82,171	$96,142
Const/Maint	$56,184	$65,758	$38,475	$49,682	$54,750
Admin	$10,062	$12,501	$12,425	$17,870	$35,489
Eng	$4,353	$84			
Total	$140,343	$152,101	$124,184	$149,723	$186,380

Ops/Maint Const/Maint Admin Eng Total

ATTACHMENT B

5/1/19

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Temporary Employee Cost
NMWD Fiscal Year through March
5-Year Comparison

	Jul 14 - Mar 15	Jul 15 - Mar 16	Jul 16 - Mar 17	Jul 17 - Mar 18	Jul 18 - Mar 19
Ops/Maint	$7,136	$31,416	$12,298	$6,644	$12,926
Const/Maint	$14,311	$25,982	$15,714	$21,318	$22,671
Admin	$28,021	$14,252	$19,713	$26,084	$50,077
Eng	$27,902	$32,659	$8,089	$20,110	$16,126
Total	$77,370	$104,308	$55,814	$74,156	$101,800

Ops/Maint Const/Maint Admin Eng Total

ATTACHMENT C

ATTACHMENT D

Sonoma Water

PRESS RELEASE

FOR IMMEDIATE RELEASE
April 18, 2019

CONTACT
Barry Dugan
Principal Programs Specialist
707-547-1930
707-331-2040
barry.dugan@scwa.ca.gov

Public Opportunity to Learn How Habitat Enhancement Projects are Benefitting Russian River Coho, Steelhead

Geyserville, CA – On Monday, April 22, the Public Policy Facilitating Committee (PPFC) will take a virtual tour of projects designed to help restore endangered and threatened fish to the Russian River watershed, while maintaining the region's primary water supply (details below).

The Biological Opinion was released by National Marine Fisheries Service (NMFS) in September 2008. This 15-year plan requires Sonoma Water and the U.S. Army Corps of Engineers (USACE) to modify Russian River water supply and flood control operations to prevent harm to endangered coho salmon and threatened steelhead trout. The PPFC – comprised of elected and appointed officials from public agencies throughout the region – meets annually to review implementation of the Russian River Biological opinion.

"With 11 years of implementation under our belt, we're seeing results – including coho and steelhead using new habitat that's been created," said PPFC Chairman James Gore, a Water Agency Director and a member of the Sonoma County Board of Supervisors. "We are looking forward to sharing some great videos and photos to provide a new perspective on fish in the Russian River."

The Biological Opinion requirements include reducing minimum summertime flows in the Russian River and Dry Creek; changing the way the sandbar is managed at the mouth of the Russian River between May 15 and October 15; enhancing habitat in Dry Creek; and fish monitoring.

Presentations on April 22 will include video footage and photos of projects that are often unreachable to the public due to private land access and safety concerns. Topics will include results from long-term monitoring of fish and other aquatic life in the Russian River estuary; how fish use new habitat created in Dry Creek; and a preview of a hand-drawn video project that illustrates story of the Russian River and the efforts to aid in the recovery of threatened and endangered species. The public will have an opportunity to comment.

Meeting Details

- DATE: Monday, April 22
- TIME: 3 p.m. – 4:30 p.m.
- LOCATION: Lake Sonoma Visitors Center, 3288 Skaggs Springs Rd, Geyserville

The meeting agenda is available at www.sonomacountywater.org/rrifr.

marin country day school

Dear Pablo,

Thank you so much for joining us again this year at Stafford Lake. The students (and teachers!) learned a tremendous amount from you and were inspired by the knowledge and expertise you shared with us. We really appreciate you taking the time to answer each and every question so thoughtfully and thoroughly. It is great for students to see a real scientist in action and learn about your job, too! Thank you, again!

Warmly, Liz

NORTH MARIN
WATER DISTRICT

999 Rush Creek Place
P.O. Box 146
Novato, CA 94948-0146

PHONE
415-897-4133

EMAIL
info@nmwd.com

WEB
www.nmwd.com

May 2, 2019

Justine Herrig
State Water Resources Control Board
Division of Water Rights
PO BOX 2000
Sacramento, CA 95812-2000

Re: Water Year Classification- North Marin Water District Application A025062 (Permit 19724) and Application A025079 (Permit 19725)

Dear Ms. Herrig:

Pursuant to Term, 12 and 13 of the subject respective amended Permit for Diversion and Use of Water, North Marin Water District notices the Division of Water Rights that normal year conditions [1] are in place on Lagunitas Creek pursuant to Water Right Order 95-17. The total precipitation occurring from October 1, 2018 through April 1, 2019 was 55.5-inches as measured at the Marin Municipal Water District Kent precipitation gauge.

Should you have questions in this regard please contact me.

Sincerely,

Drew McIntyre
General Manager

Cc: Matt McCarthy, PO BOX 2000 Sacramento, CA 95812-2000

[1] Normal Year is when precipitation is 28-inches or more

DM: tk
t:\gm\swrcb\ltr to swrcb re water rights 050219.doc

DIRECTORS: JACK BAKER · RICK FRAITES · JAMES GROSSI ·MICHAEL JOLY · STEPHEN PETTERLE
OFFICERS: DREW McINTYRE, General Manager · TERRIE KEHOE, District Secretary · JULIE BLUE, Auditor-Controller · ROCKY VOGLER, Chief Engineer

Cancer-causing chemical taints water after fire

PARADISE

The Associated Press

PARADISE >> The drinking water in Paradise where 85 people died last year in the nation's worst wildfire in a century, is contaminated with the cancer-causing chemical benzene, officials said.

Officials said they believe the contamination happened after the November firestorm created a toxic combination of gases in burning homes that got sucked into the water pipes as residents and firefighters drew water heavily, the Sacramento Bee newspaper reported Thursday.

Officials say that may explain why benzene, which has been linked to anemia and leukemia, has been found in tests at various spots rather than from one source in Paradise, which was largely destroyed.

The chemical occurs naturally in fire; is part of crude oil, gasoline and cigarette smoke; and is used to make plastics, synthetic fibers and other products, according to the federal Centers for Disease Control.

Melted plastic meters and plastic pipes also may have sent benzene into the system, water officials say.

Paradise Irrigation District officials say they have taken about 500 water samples around town, and they have found benzene 30 percent of the time.

"It is jaw-dropping," said Dan Newton of the state Water Resources Control Board. "This is such a huge scale. None of us were prepared for this."

Those who have assessed the problem say the water district may be able to clean pipes to some homes later this year, but it will take two years and up to $300 million before all hillside

He and his wife, Darlene, disagree on the risk posed by their tap water in Paradise. She opened the sink tap to show how clear the water is.

"I could feel an oily substance before. But it's cleared up now," she said. "This is good water."

"Only it's got benzene in it," her husband retorted. "I won't even brush my teeth in that stuff."

Stein is thinking about buying a purifying system, which some of his friends have done. But water officials have said that they don't know how well inhome filters protect residents if there is benzene in their taps.

Water experts said what happened in Paradise has been detected only once before — during a deadly fire in Santa Rosa last year. They say California must work to ensure the water is safe in Paradise and learn what could protect drinking water in future wildfires.

Trees reflect in a swimming pool outside Erica Hail's Paradise home, which burned during the Camp Fire. Water officials say the drinking water in Paradise is contaminated with the cancer-causing chemical benzene.

NOAH BERGER — AP PHOTO, FILE

residents can safely drink, cook or bathe in the water.

About 1,500 of the town's 27,000 residents are living in the few surviving houses. Water officials have warned them not to drink, cook, bathe or brush their teeth with tap water and to only take quick showers with warm water. Those residents are living on bottled water deliver daily and water tank deliveries.

Norman Stein, 84, drives 15 minutes each week to the water distribution center, loads his trunk with bottles and stacks them in his garage.

Friday, 04/19/2019 Pag.A07

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Kevin Morrison / *My Turn*

District maps protect incumbents

In 1960 when Novato became a city, the place now known as Finnegan's was a bar called Karl's Klub. It was a place where working-class people gathered for a beer and a shot after work.

My dad tended bar sometimes. He'd make me a Shirley Temple and tuck me in the back with my homework, where I would hear laughter from folks unwinding after a long day.

Joke-telling in bars was a real thing, and I heard some whoppers. Today, I imagine going back in time to tell the patrons of Karl's Klub about the 2019 plan for Novato's city council districts. They would think I was joking, and they would laugh pretty hard.

"There are four plans," I would say, "and two of them put the council member from Ignacio in charge of downtown."

Uproarious laughter. Shots would be drunk.

"Two other plans put the council member from near Novato High in charge of downtown."

More laughter. More shots.

"Another plan puts the council member from West Novato in charge of downtown, and another plan puts four of them in charge of different parts of downtown."

Along with laughter, there would be puzzlement. "Wait a minute," they'd say, "you said there were four plans?"

"Yup."

"Two with Ignacio running downtown, two with High School in charge, one with West Novato, and one with four downtown councillors?"

"Yup."

"That's six! You can't fool us, boy."

That was true. Despite the beer and the shots, the common sense of bar patrons in 1960 was an indisputable thing. If I went on to explain that all of what I said was true, the maps were bizarrely humorous, that multiple council members were trying to rep downtown from their homes miles away, and that one of those maps put Black Point together with a piece of downtown, well, those bar patrons would laugh and offer me some advice.

"That's just not believable, lad," they'd say. "You've got to make your jokes at least a little bit believable." They would nod to themselves and move on to more believable topics. "Tell us — what about the flying cars?"

That question would be serious, because they expected by 2019 there would be flying cars. I would shake my head and explain there are no flying cars but there are 400 channels on TV.

"Hmmm. Is that a good thing?"

"The jury is out."

More laughter, more shots, and... The daydream is over. The adult Kevin sighs heavily.

We live in 2019. District maps seem to have been drawn by drunken bar patrons who don't realize that jokes have to be believable. Many crazy things are on offer. The craziest involve downtown. The most original and authentic Novato neighborhood, every downtown district has fingers that reach out from downtown to Pat Eklund's house, or Eric Lucan's house, or Pam Drew's house, in order to give them an opportunity to represent downtown from their homes in Ignacio, Presidents, and West Novato respectively.

Downtown has always been a working-class neighborhood with its heart at Redwood and Grant. It runs north to Atherton and east to the end of the Fruit streets. It runs south to the fire station and west to the end of Grant Avenue. Within that boundary are about 11,000 downtown residents.

Despite this easy, plain geography, and despite the target number for districts being 11,000, none of the four maps offer downtown as a cohesive district. All four maps contain pieces of it, carved up in weird ways.

Why is that, you ask?

Well, the city council is in charge of the maps. They have drawn them so that no incumbent competes with any another incumbent. Because there is no incumbent living downtown, they have drawn the maps so that downtown doesn't exist. If it existed, if one map contained a cohesive downtown district, one incumbent would be without his or her own district, and would have to compete against another incumbent.

The city council isn't going to allow that — incumbents running against each other! — madness!

This would be funny, except that the crazy maps mean that no city council member will speak for downtown. They will speak for where they live, and pay attention to the needs of their neighbors. That's the whole idea of district representation.

So the joke's on us, the residents of downtown. Maybe we will laugh and shake our heads and tell the city council, "You've got to make it believable." Or maybe we'll jump into our flying cars and head to the bar.

Both are equally likely.

(Kevin Morrison is a Novato resident. Anyone interested in writing a My Turn should contact publisher Sherman R. Frederick at shermfrederick@gmail.com.)

Councils skeptical of pitch for funds

Rates

MARIN MUNICIPAL WAT ER DISTRICT

Utility battles resistance on rate hike, fee proposal

By Will Houston

whouston@marinij.com @Will_S_Houston on Twitter

Marin Municipal Water District staffers have been fighting an uphill battle for weeks attempting to explain and justify their proposed water rate and fee hikes to local town and city councils.

One example of this came during the district's presentation to the Larkspur City Council on March **2**
0 when Councilman Kevin Haroff was speaking privately with Councilwoman Catherine Way while the microphone was live and said, "This is all BS."

The questions and criticisms continued in the following weeks as water district administrators and board members made their rounds to other local governments. Overall, several city council members expressed appreciation for the district clarifying its proposal. But many also expressed concern that the district hasn't done well enough to explain its bid and that the process lacked transparency.

San Rafael City Councilman John Gamblin criticized the district for not videotaping its meetings and for having a website that's difficult to navigate and draw information from.

"As a ratepayer and a citizen, I can't go anywhere to find where you're using the money," Gamblin said during a district's presentation to the council on Monday. "A nd so when you're asking for more I'm questioning, 'Well, OK. What did they use the last $60 million for over the last nine years?' and I can't find it anywhere."

RATES >> PAGE 2

Councils skeptical of pitch for funds

Rates

FROM PAGE 1

Ben Horenstein, the water district's general manager, said these reactions indicate that he and district staff need to continue taking every district staffers argue.

Switching from a debt to cash-based system will also have the trade-off of customers paying more upfront for maintenance and repairs. This prompted concerns by Mill Valley Councilwoman Jessica Jackson at the council's April 15 meeting about impacts to Marin's struggle of affordability. In response, Horenstein

opportunity to get face time with residents, local governments and groups to explain their proposal.

"I do think going forward the district definitely has an opportunity to improve how we connect to our customers and their understanding of the value they're getting for their money and their investment and a better understanding of what we do and what it takes to bring water to our customers," Horenstein said. "I think some of that — and it's understandable — can be taken for granted."

The first of two public workshops on the rate proposal is set to be held from 5 to 8 p.m. Thursday at the Mill Valley Community Center at 180 Camino Alto. A second workshop is planned from 5 to 8 p.m. May 15 at the Albert J. Boro Community Center at 50 Canal St. in San Rafael.

The water district is proposing to raise its rates by about 4 percent annually for the next four years, starting on July 1, to keep up with rising costs. Perhaps the most contentious proposal is the addition of a new capital maintenance fee, which would be a fixed annual fee on customers' property tax bill that is based on customer's water meter size. Most customers would pay either $163 or $409 per year.

The estimated $16.5 million to $20 million in annual revenue from this fee would be used to pay for replacing aging tanks, pipes, treatment plants and pumps over the next 10 years. About $1 million would also go to fire preparedness on the district's Mount Tamalpais watershed.

District staffers say the fee will allow the district to shift to paying for these projects using cash rather than borrowing money and passing on close to $200 million of interest to its customers. This will also free up the district's debt capacity for times of emergency.

'Blunder on in'

The fee has come under public criticism. City council members and residents have continually questioned why the tax was being placed on the property tax bill and not the water bill. Corte said the district does have a rate reduction program for those who are at 65 percent of the federal poverty level.

"I would hope you would consider expanding it to all low-income brackets," Sloan said in response.

At a meeting this week, the water district board voted to advance a four-year check-in during which time the district would consider whether to make changes to the fee. The council also expressed interest in exploring reduced fee amounts for those customers who were required to have larger meter sizes for things like fire sprinklers and water pressure, Horenstein said.

There was also interest about potentially spreading the fee payments out on the bimonthly water bills rather than placing it on the property tax bill.

"They do like the property tax bill for the reasons we began in that direction, but they're also sensitive to perceptions of lack of transparency," Horenstein said.

Flat fee issue

Another common question to district staff has received during the past months has been why the district is charging a flat fee rather than a fee based on water usage. Horenstein said charging fees based on meter size is a national industry standard. "We couldn't find one agency that does not use meter size as a way to apportion at least some capital infrastructure fee," Horenstein said. About 80 percent of the district's costs are fixed. A large portion of these costs are for staffing, operations and maintenance. Costs based on water use include chemicals and power for water pumping.

While the district has asked and continues to ask customers to conserve their water use, the costs to operate and maintain the local water system still continue, Horenstein said.

"If you have a disproportionate amount of the fee based on consumption, as consumption varies your revenue varies and many water agencies get

Madera Town Councilman James Andrews said they worked to free up fees on their residents' property tax bills so it wouldn't compete with tax revenues that are vital for local schools.

"And you guys just blunder on in and say, 'We want to be part of the property tax,'" Andrews said during the water district's April 2 presentation to the council.

Assessing the fee on the property tax bill rather will not pass on the costs to renters, into a dilemma in times of drought where they mandate reductions and yet find themselves at a loss of revenues due to that usage," Horenstein said. One option the district is exploring is a "super saver" water rate, which is a reduced water rate for those customers who use water below a certain threshold.

Monday, 04/22/2019 Pag.A01

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NMWD seeks water rate increase

Wa ter

NOVATO

Utility's move follows Marin Municipal district

By Will Houston

whouston@marinij.com @Will_S_Houston on Twitter

Both of Marin County's water suppliers are now seeking to raise their water rates this summer.

The North Marin Water District is proposing a 3.5 percent rate hike that would take effect June 1. Earlier this year, the district's larger counterpart, the Marin Municipal Water District, proposed its own rate and fee increases. Both districts say the rate increases are needed to keep up with rising employee and maintenance costs.

NMWD said it needs the extra revenue to cover rising rates from its wholesale water supplier, the Sonoma County Water Agency or Sonoma Water. The higher rates are also meant to cover NMWD's employee wages and maintenance to the district's network of pipes, tanks and treatment plants, according to the district. The NMWD Board of Directors is set to hold a public hearing on May 21 to discuss the rate increase and possibly take action.

WATER»PAGE 4

The North Marin Water District gets about a quarter of its supply from Stafford Lake, left, and the rest from Sonoma County.

ROBERT TONG — MARIN INDEPENDENT JOURNAL

NMWD seeks water rate increase

Wa ter

FROM PAGE 1

The average customer will see about a $4 increase on the bimonthly water bill, according to the district.

"The District has mailed out notification letters to all customers outlining the total increase, reasons rate increase.

NMWD has consistently raised rates in recent years, though this latest proposal is lower by comparison to past years. Still, the rate hikes have had financial consequences for the nearly 61,000 residents the district serves.

Novato Assistant City Manager Michael Antwine said the city is aware of NMWD's proposed increase but has not taken a formal stance on it.

for the increase, and the process for protesting the increase," Julie Blue, the district's auditor-controller, wrote in an email.

The district's main water supplier, Sonoma Water, is set to raise its wholesale rates by 4.6 percent starting in July. This will equate to an extra $260,000 on the district's water bill in the coming fiscal year, according to Blue's estimates. With this rate hike, the water district is forecast to pay Sonoma water about $5.35 million in the 2019-2020 fiscal year, according to Sonoma Water. NMWD purchases about 75 percent of its water supply from Sonoma with the remaining 25 percent sourced from the Stafford Lake reservoir.

Marin Municipal Water District purchases about 20 percent of its supply from Sonoma Water and is forecast to pay close to $6 million in the coming fiscal year. The district is proposing a 4 percent annual rate increase over the next four years as well as the addition of a new annual fixed fee. A public workshop on this proposal is being held on Thursday in Mill Valley.

The wholesale rate hike is meant to build up Sonoma Water's reserves, according to Sonoma Water assistant general manager Michael Thompson. About $6 million in reserves were depleted by reduced water use during the recent drought years and because the agency decided not to increase rates significantly during this low-use period, Thompson said. Water demand during this time dropped from about 65,000 acre-feet to about 40,000 acre feet, according to Thompson.

The extra revenue, Thompson said, will also be used to fund several projects in 2019 including multi-million dollar seismic retrofit upgrades to the agency's tanks and equipment, water tank maintenance and a 3-mile salmon habitat restoration project on a Russian River tributary, Dry Creek.

"We know there will be another drought. There's going to be another earthquake. There will be always equipment that will need to be replaced," Thompson said about Sonoma Water's

The city's utility costs have increased by about 21 percent in the past three years, costing an additional $250,000.

"The major variable and factor associated with the city's increased utilities costs are the water rates from the North Marin Water District," Antwine wrote in an email.

NMWD customer John Turner said the district is operationally well managed in general. But he said the district's financial plan and its call for further rate increases is a cause for concern, especially when rate increases outpace growth in customers' incomes.

"This is just another nail in the coffin of North Marin's family-focused middle class who continue to move out creating a bifurcated community of low-wage service providers and top 15 percent income consumers of those services," Turner wrote in an email.

The water district also says the rate increase is needed to keep up with the annual wage increases to its employees. The district has 51 full-time positions of the 54 that are budgeted. A labor agreement has the district increasing employee wages based on changes in the Bay Area's consumer price index. The next increase is set to take place in October, according to Blue.

"Competitive wage increases are necessary to help maintain our specialized staff as well as attract highly qualified new employees as vacancies," the district states in a notice it sent to its customers a few weeks ago.

Another reason the district cites as justification for the rate increase are regular increases in state and federal permit fees.

District customers are able to calculate the predicted increase to their water bill at nmwd.com/ account_balance.php.

Tuesday, 04/23/2019 Pag.A01

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Maps for district elections debated

Maps

NOVATO

By Will Houston

whouston@marinij.com @Will_S_Houston on Twitter

The first batch of district election maps presented to the Novato City Council on Tuesday was not met warmly, as some council members raised concerns about dividing neighborhoods while a handful of residents pointed to the potential for gerrymandering.

The maps, which were referred to by some residents at the meeting as "incumbent protection plans" for the lack of head-tohead contests between incumbents, were created by city-hired demographers based on public feedback from two recent meetings. Debate also continued about whether downtown should be split between districts or become its own district.

MAPS >> PAGE 2

Maps for district elections debated

Maps

FROM PAGE 1

Sean Welch, a legal consultant hired by the council to guide it through the switch from at-large elections, said this first set of maps is just a starting point.

"If there's changes to maps it's fine, it's normal, it's expected," Welch told the council.

The city is encouraging resident feedback on the draft maps and to submit their own maps using an online mapping tool the city paid $12,500 to use. The tool went live on the city website earlier this week, but will only last a week.

April 30 is the deadline to allow demographers time to review the maps to ensure they comply with state law, Welch said. Also, state law

Hamilton into an east-of-Highway-101 district dissolves our ability to effectuate our interests."

But Councilwoman Pat Eklund had concerns about the purple map because it also split Pointe Marin and the Marin Country Club between districts. Mayor Eric Lucan also agreed these two neighborhoods should not be divided by district boundaries. In agreement with other residents, Eklund also called on the demographers to consider the boundaries of the various homeowners' associations in the city.

"I think that gives us opportunities to really do it right this time, in my opinion," Eklund said.

A San Marin High School senior, Zach Griggy, said if district boundaries cut through neighborhoods, it can prevent someone from representing what they identify as their neighborhood. He suggested that the city do away with the residency requirement, which mandates

requires any new or revised maps to be in public circulation for at least seven days before the council can consider them, and the city is on a compressed timeline to avoid a potential lawsuit.

For residents such as Tracey Ruiz, it's not enough time to make informed decisions. "With a week to go, we need to have access to a demographer," she said.

State law gives the city 90 days to overhaul its election system and adopt a map. The city has until June 10 or face a potentially costly lawsuit.

The city in February received a letter from Malibubased attorney Kevin Shenkman that alleged it is violating the California Voting Rights Act by holding atlarge elections. Shenkman is calling on Novato to switch to district elections because he says the current at-large elections dilute the votes of protected classes of voters, such as the Latino population. While the city disagreed with Shenkman's claims, it opted to make the switch.

After two meetings to gauge public opinion on possible district boundaries, city-hired demographers from National Demographers Corp. last week published four draft maps, named by color. All four maps place the five council members in their own districts, thus avoiding a contest between two or more incumbents. Some residents said this essentially equated to gerrymandering. But the city's legal staff say state law allows for the council to consider prevention of incumbent election conflicts as one of the factors in selecting a map.

The "purple" map seemed to be the most popular, though residents and council members still had qualms about it.

Some Hamilton residents such as Chuck Finnie said they preferred the purple map as a starting point because it keeps southern Novato communities in a single district. Where the other three drafts would place Hamilton in a district that runs along the eastern side of Highway 101, the purple map creates what is essentially a that a person must live in the district which they are running to represent. However, the city's legal consultants say this move would just retain the city's at-large system and expose the city to litigation.

The purple map also splits up downtown between four districts, which was a frequent point of debate on Tuesday. Some residents, mostly those who lived in downtown, called for the area to be kept within one district so that their community's unique concerns and interests have a voice on the council. Others like Finnie disagreed.

"From a citywide perspective, I think it is important that downtown be divided into multiple districts because I think the future of downtown is something that is naturally of interest to all members of the community," he said.

Councilman Josh Fryday seemed to lean toward splitting up downtown between districts, saying it wasn't clear to him how keeping it in one district is in the best interest of the city. He said the city should consider as many options as it can through the process, including downtown's representation.

Other council members such as Lucan, Councilwoman Pam Drew and Eklund said they didn't support splitting up the downtown among various districts.

"I think for the sake of the people who live downtown, that affinity needs to be recognized," Drew said.

Even if downtown is divided between districts, Mayor Pro Tem Denise Athas said the council would still be charged with representing and being informed of all issues throughout the city.

"It won't affect our roles as council members," Athas said.

The council is set to hold its next public hearing to consider the district maps on May 14, where the council will be tasked with selecting a final map. The final vote is scheduled for May 21.

southern Novato district that includes Hamilton, Pacheco Valle and Ignacio Valley.

"From a Hamilton resident perspective, I strongly favor being part of a southern district that is described in the purple map," Finnie said. "I think we share similar interests. I think putting

The map-making tool and more information about Novato's district election process can be found online at novato.org/elections.

Thursday, 04/25/2019 Pag.A01

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Marin closes in on deal for Coast Guard property

Property

AFFORDABLE HOUSING

By Richard Halstead

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It appears that West Marin's long wait for progress on conversion of former U.S. Coast Guard housing into affordable housing is nearing its end.

"I'm optimistic those negotiations will be coming to a conclusion soon," Community Development Agency director Brian Crawford told county supervisors Monday during budget hearings. After the hearing, Crawford declined to be more specific about a possible timeline. The legislation set a deadline of February 2020 for sale of the property.

A purchase agreement can't come too soon for residents in West Marin, one of the Marin areas hit hardest by the ongoing affordable housing crisis.

"There are some beautiful homes sitting there empty," Betty Pagett, former director of education and advocacy for Ecumenical Association for Housing, told county supervisors at their March 19 meeting.

"I urge you to push this process along and act on the plan as soon as possible," she said.

The House of Representatives in 2015 passed the Coast Guard Authorization Act, which mandated that the Coast Guard give the county exclusive first rights to purchase its 30-acre Point Reyes Station housing site at fair market value. The property, formerly used by Coast Guard employees and their families, features 36 townhouses, picnic areas, trails, a dining hall, tennis courts and other facilities.

as vacation homes, leaving no place left for Marin's low-wage agricultural and tourist trade employees to live in the area.

Wendy Friefeld, who serves on the advisory board of West Marin Community Services, echoed Pag-ett's concerns at the supervisors' next meeting.

"The property has been sitting vacant for years while people in West Marin are desperate for housing," Friefeld told supervisors. "We in the community are ready to do what it takes to make it happen after the contract is finalized, and the real work begins."

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The Coast Guard facility near downtown Point Reyes Station was declared as federal surplus in 2014.

COUNTY OF MARIN PHOTO

Pagett, who serves on a local community working group formed to support the purchase, said West Marin's housing stock has actually diminished over recent years due to the popularity of short-term rentals and the use of local properties

"We've had some stumbling blocks along the way," he said.

For example, he said the process was delayed for a time when a federal employee key to the negotiations took maternity leave.

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Property

FROM PAGE 3

In January, supervisors approved shifting $4.1 million in general fund money to the county's affordable housing trust fund, increasing the fund's balance to about $7 million. At the time, it was noted that the Coast Guard project would require funding soon.

On Tuesday, County Administrator Matthew Hymel proposed using some of this year's general fund surplus to add another $3 million to the affordable housing trust fund and mentioned that the Coast Guard project was expected to draw the fund balance down.

Supervisor Dennis Rodoni said he is hopeful a purchase agreement will be reached before the end of the year.

"There have been appraisals and back-and-forth negotiations," Rodoni said. "That is what has taken the time."

Rodoni said the "fair market value" that is being used as the basis for negotiations reflects the property's current value, not its value when the legislation was signed in 2015. He said the property lacks sewer service and is not zoned for commercial or residential use, which also had to be factored into its valuation.

Rodoni said working with the Coast Guard and the General Services Administration has been a complicated process.

Rodoni said if the county is successful in negotiating a purchase agreement, county supervisors will first have to approve the deal. He said then the supervisors will issue a request for proposals for a developer to upgrade the townhomes' interiors and make necessary changes to bring the property into compliance with the Americans with Disabilities Act.

Rodoni said the county will likely focus on converting the 36 townhomes into affordable housing first before contemplating uses for some of the property's other assets, such as its 20 to 22 dormitory rooms and commercial kitchen.

Kim Thompson, executive director of Community Land Trust Association of West Marin, said, "On our end, we have been diligently preparing to submit a proposal."

CLAM would like to rehabilitate, own and manage the property in partnership with an organization that has financial experience in projects this large. Thompson said CLAM has added to its staff and already begun to raise money for the effort.

She said, "This community so needs those homes."

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MMWD should heed rate hike opposition

Editorial

The Marin Municipal Water District should hit the brakes on its proposed rate hike and creation of a costly new service fee it says is needed to overhaul its aging water system, from improving treatment plants to replacing mains.

A tour of city and town councils, where MMWD General Manager Ben Horenstein has pitched the planned rate and fee-hike plan, has received a chilly reception.

Municipal officials can fully relate to the district's costly challenge of reinvesting in its pipes, pumps and plants. But the water board has also opened itself to criticism for the way it does business.

Several council members have taken MMWD to task for not videotaping its meetings, as most of Marin's municipalities do.

Of course, then ratepayers would see that some board members regularly attend meetings by phone — a rarity for most local public boards, but comparatively routine for MMWD.

In addition, the district needs to spend more time educating ratepayers about its addition of another new service fee — this one based on the size of their water meter.

Few ratepayers are even aware there are variations in meter sizes, but those differences could soon make a big difference in their water bills.

The district's rationalization for using meter size rather than water use as the premise for the new fee has also drawn questions and criticism. So has its decision to put the charge on property tax bills, rather than the MMWD's regular bills.

Of course, MMWD would rather base its fee on a revenue source free from the variations of water usage. While encouraging — and sometimes before a vote is taken.

Lately, the Coalition of Sensible Taxpayers, the Marinbased taxpayer advocacy group that has led the charge against MMWD's rising rates and fees, has taken it upon itself to videotape district meetings and post them on its website.

The apparent dearth of effective public outreach and involvement has been one of the messages Marin city council members have been giving to MMWD representatives.

The public has been supportive of the district's need for improvements. It has twice approved an annual so-called "fireflow" fee to bolster the seismic safety of water lines and tanks and to improve water capacity to hydrants in neighborhoods that line hillside open space lands.

The last rate increase included the water board's establishment of a special fee for watershed management. Now, the latest proposed increase includes the addition of the proposed "infrastructure" fee.

What's the next double whammy?

It is likely fortuitous for MMWD incumbents that this issue wasn't boiling during November's board elections. If it was on the horizon, but it was hardly mentioned.

It is also likely the MMWD board can move ahead with a decision and that it would survive the required "protest" vote, a politically biased process in which more than 50 percent of MMWD's eligible voters would have to write and submit letters by mail opposing the district-endorsed plan.

The odds against that happening are so great that it is typically a safer bet for taxing agencies than putting it on a ballot.

during droughts ordering — water conservation, MMWD is effectively reducing its revenue. That shortfall typically leads to increased water rates, charges that are never reduced once drought limits are lifted.

The North Marin Water District, which serves Novato and much of West Marin, is facing the same quandary.

MMWD spends a lot on public education and awareness, usually focused on conservation.

But when it comes to shining more light on the district's conduct of the public's business, MMWD needs to do more.

It should televise its committee and board meetings as a way to help make sure the public is aware of important decisions

But given reservations expressed during MMWD's tour of city and town councils, the district should pull back and take more time to clearly detail its long-term "infrastructure" needs, and do a much better job of publicly vetting possible financing options.

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Revisions possible for water rate plan

Rates

MARIN MUNICIPAL

Board considers changes after objections from public

By Will Houston

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Facing a public outcry, the Marin Municipal Water District Board of Directors this week signaled its support for changes to its proposed rate and fee hike plan.

At a special meeting Thursday, the board said it was open to the idea of placing a proposed new capital maintenance fee on customers' water bills for two years before placing it on property tax bills thereafter; reducing the fee for customers who have larger water meters for fire sprinklers or adequate water pressure; and offering rewards for water savers and breaks for low-income customers.

The board is set to discuss the proposals at its May 14 meeting.

Director Cynthia Koehler said the rate and fee hike is a continuation of the district's work to maintain its water system.

"What we are doing here that is different is considering a new way of funding these things and trying to balance a lot of competing — all of which are legitimate — concerns," Koehler said. "What is not different in my mind is the basic goal, which is continuing to maintain the physical health of the organization … and continuing to fund our capital needs."

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Revisions possible for water rate plan

Rates

FROM PAGE 1

The district is proposing to raise rates by about 4 percent annually over the next four years and to impose a new annual capital maintenance fee. The fee, which would be based on customers' meter size, would switch the district from borrowing money to a cash-based system for board could consider is allowing customers to decide if they want the fee on their property tax bill or water bill.

"I think that's a fair one to throw in," Russell said.

As for the proposed fiveyear phase-in of the fee, the board differed. Charles Duggan, the district treasurer, said the five-year phase-in would result in nearly $29 million in debt and another $27.2

funding repairs and replacement of pipes, pumps, water tanks and treatment plants. These rate and fee hikes are proposed to take effect July 1.

The board could not reach consensus on a staff recommendation to phase in the new fee over a fiveyear period. The idea would be to charge customers a lower fee for five years and make up the difference using bonds.

With the district's budget adoption approaching in early June, district General Manager Ben Horenstein expressed concern about the time crunch. The board would need to adopt a final rate and fee plan by May 28 to have it in place for the upcoming budget year.

"It would be quite difficult to bring an ordinance on May 28 with this level of uncertainty," Horenstein said.

Some, such as Ann Thomas, director of the Mar in Conser vation League, questioned why the board just doesn't stick to its original plan of charging the new fee on the property tax bill and forgo borrowing more money for its repair projects.

"You might as well just pay up front and be done with it," Thomas said.

Others such as Paul Premo of the Coalition of Sensible Taxpayers disagreed entirely, saying the board should continue to borrow money so ratepayers don't bear higher costs upfront. Should the district move forward with a fee, he recommended it be based on water use rather than meter size.

Fee changes

The capital maintenance fee would cost most customers either $163 or $409, with the board able to increase the fee by up to 4 percent each year. The original plan was to collect it on the property tax bill. That way, property owners and not renters would be covering the costs. But the proposal came under public criticism for lacking transparency.

million in interest over a 30-year period on top of the $155 million the district already has in debt.

Russell and Gibson supported sticking to the original plan, saying it wouldn't make sense to incur more debt if the whole idea of the fee is to avoid passing that on to customers.

Director and board chairman Larry Bragman said he supported looking at a sixto seven-year phase-in period and called on staff to bring back more information on that option. He also voiced support for using unused revenue to help pay for the maintenance projects to reduce dependence on debt.

"What I think as far as getting to that sweet spot of equity and sustainability is we have to get to a point where we're incurring less debt than we have been," Bragman said.

Affordability

One common criticism of the rate and fee hike proposal is that conservative water users would have to pay more for using less. The "super water saver" program entertained by the board Thursday would seek to give some incentive for water users by providing these users an $8 credit on their bimonthly water bills.

The program would cost the district about $155,000 per year and would be paid using non-ratepayer funds. About 3,000 households would qualify based on recent water use, Duggan said.

The board also liked the idea of expanding a program that waives the bimonthly watershed maintenance and meter service fees. To qualify, customers must be at or below 60 percent of the low-income level established by the federal Department of Housing and Urban Development. The proposal would increase that to customers who meet 80 percent of the low-income level.

Should the cost of the program exceed $300,000, it would trigger a board review. There are 776 participants in the program this fiscal year at a cost of $235,052. The program is not funded by ratepayers.

By placing it on the water bill for the first two years, district staffers hope to familiarize customers with the fee before moving it onto the property tax bill. Along with addressing transparency concerns, district staff say spreading the fee across six bimonthly water bills would provide the district a consistent stream of revenue rather than large, lump sum payments.

While he later supported the two-year phase-in, Director Larry Russell said another option the

Since California recently declared water to be a human right, Koehler said this program could be expanded.

"I think we have a strong state foundation for considering a situation where some base level of water is provided as a matter of right," she said.

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NEWS > LOCAL NEWS

More Novato agencies move to district elections

Water comes up to the bottom of a pedestrian bridge at Stafford Lake in Novato earlier this month. (Alan Dep/Marin Independent Journal)

By **WILL HOUSTON** | whouston@marinij.com |
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ADVERTISING

The specter of a voting rights lawsuit has kicked off a wave of Novato government agencies transitioning to district-based elections.

The North Marin Water District was the latest Novato government body to begin the switch from at-large to by-district elections this week. On Wednesday, the Novato Fire Protection District board is set to consider whether it too wants to make the switch.

"Essentially, we feel that the public interest is better served by our board to consider a proposal to transition to a district-based election system," Novato fire Chief Bill Tyler said Friday.

Earlier this month, the Novato Sanitary District Board of Directors also voted to begin the same process. Preceding them was the Novato Unified School District and the Novato City Council.

"Now that there are three local agencies that are ahead of us we're hoping we can have some implementation efficiencies and learning what they have been having to go through and try to have some common messaging out to our customers," said Drew McIntyre, the water district's general manager.

Each agency has a tight deadline of 90 days to draw and adopt its own district maps.

This series of election overhauls stems from a letter sent to the Novato City Council in February by Malibu attorney Kevin Shenkman, who demanded the city switch to district elections or face a lawsuit. Reached Friday, Shenkman said he's generally pleased that his letter has had such a widespread effect.

"That's been the case statewide in a more general sense," he said. "Locally in and around Novato, it's good to see political subdivisions taking proactive steps rather than waiting for someone to allege a violation."

The city's at-large elections, Shenkman argues, violate the California Voting Rights Act by diluting the voting power of protected classes of voters, such as Latinos.

"The California Voting Rights Act has been the law since Jan. 1, 2003 and I'm glad to see that jurisdictions are finally getting around to bringing their elections into compliance," Shenkman said.

While Novato agencies have chosen to comply, they don't all agree with Shenkman's claims.

"We don't believe that our current at-large elections are not compliant with the California Voting Rights Act," McIntyre said, but added that "any attempt to defend against a demand letter would be costly with little chance of success."

Still, others such as the sanitary district say the change falls in line with their values.

"The district has a commitment to diversity and inclusion," said Sandeep Karkal, sanitary district general manager and chief engineer.

The financial risk of not complying with Shenkman's demands has proven to be high for other cities. Those cities that have resisted Shenkman's demands in recent years have found themselves on the losing end and paying multi-million-dollar settlements. By going along with Shenkman's demands, the city of Novato is set to limit its payout to Shenkman to $30,000.

For the sanitary and water districts, choosing to proactively make the switch helps them avoid the $30,000 payment altogether. The process will still come at a cost, though. The North Marin Water District anticipates paying about $75,000 to hold a series of public meetings and for its hired demographer.

While sharing resources would have been helpful, Tyler said it would be difficult to do so given that each agency has its own jurisdictional boundaries.

"Unfortunately it wasn't something we could all do together," Tyler said.

Citizens unload on district maps

DISTRICTS MAKE NO SENSE EXCEPT TO PROTECT INCUMBENT COUNCIL, PEOPLE SAY

By Corey Pride
Novato Advance

District election maps were scrutinized last week during the city's third public meeting on Novato's path to switching away from at-large elections.

Glendale-Based National Demographers Corp. has published four color-coded draft maps. The "purple" map provoked the most favorable comments. All of the maps, however, place the five council members in their own districts, preventing incumbents from competing with one another. That idea was not popular.

Novato resident Patty Hoyt said the four draft maps should be discarded. Instead, she said, she would like to see maps that disregard where current council members live.

Marie Hoch also did not like the maps. She said she wants an explanation for why incumbents must have their own districts. She also said she found the maps to be drawn inaccurately.

"These maps kind of make you scratch your head. I did not really realize that Novato High School was next to Pacheco Valle and that San Marin High School was in the Downtown. That's where it appears in these maps," Hoyt said.

Other residents did not like where boundary lines where drawn on the various maps.

Larissa Thomas said splitting up downtown among two districts is "Ridiculous."

"None of the other neighborhoods should have to tolerate that and Downtown shouldn't have to tolerate it either. There should be a single advocate who understands the unique nature of Downtown representing them on the council," Thomas said.

A San Marin High School senior, Zach Griggy, said many district boundaries cut through neighborhoods and would prevent candidates from representing all of their neighbors.

"In the yellow map part of Center Drive is in the first district and the rest is in the second. Now if you lived in that tiny sliver off Center Drive and you wanted to represent the rest of your neighborhood, well, you're out of luck," he said.

"These maps kind of make you scratch your head. I did not really realize that Novato High School was next to Pacheco Valle and that San Marin High School was in the Downtown. That's where it appears in these maps"
– Patty Hoyt

Griggy suggested that the city do away with the residency requirement. The idea was rebuffed because it would essentially maintain the current at-large system, leaving the city vulnerable to litigation.

In March the council voted 4-0 (Councilwoman Denise Athas was absent) to switch from at-large to by-district elections. The vote was taken to avoid a lawsuit threatened by Malibu attorney Kevin Shenkman in February through a letter sent to Novato and other California cities. In the letter Shenkman accuses cities who hold at-large elections of violating the California Voting Rights Act because it puts minorities, such as Latinos, at a disadvantage when running for office. Novato has since embarked on an accelerated pace to make the switch in time for this November's election.

The maps put forth by National Demographers Corp. are essentially first drafts and therefore likely to change. The public was also invited to create their own maps, either hand drawn or through a tool on the city's website. However, the final day for the public to submit a map was Tuesday. City consultants said the deadline could not be extended because of the city's accelerated timeline to avoid a lawsuit by having by-district elections this year.

The council is set to hold its next public hearing to consider district maps on May 14. The final vote is slated for May 21.

District maps can be viewed at novato.org/government/city-clerk/district-based-city-elections.

May 1, 2019

Confronting water threat

Climate

NEW REPORT

Regional strategy urged to prepare for sea-level rise

By Will Houston

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When it comes to sea-level rise in San Francisco Bay, city and county boundaries won't matter to the water.

But borders between communities surrounding the bay in Marin and beyond do pose a problem to preparation for widespread impacts to homes, businesses, roads, utilities and more caused by the rising waters.

A new report released Thursday seeks to kick-start a more collaborative approach. The San Francisco Bay Shoreline Adaptation Atlas divides the 400 miles of bay coastline into 30 areas of common interest and impacts relating to sealevel rise and gives region-specific recommendations on how these areas can bolster their defenses.

"Climate change is putting tough planning decisions on steroids because everything is moving much faster," said Warner Chabot, executive director of the San Francisco Estuary Institute nonprofit. "And community leaders recognize we're all in this together and that collaboration and coordination is not a choice. It's a requirement for some ecological survival."

Led by the estuary institute and the San Francisco Bay Area Planning and Urban Research Association or SPUR, the report encourages cities and counties to work together rather than in a vacuum when planning out defenses to sea-level rise.

Water-front homes in Bel Marin Keys in Novato — a new report on sea-level rise calls for collaboration and coordination among cities and counties on how areas can bolster their defenses.

PHOTOS BY JEREMY PORTJE — MARIN INDEPENDENT JOURNAL

The Village at Corte Madera — Corte Madera marshlands pose a challenge due to the various agencies that have easements and jurisdiction over them.

"The goal was to provide local planners with solid regional data and a rich scientific foundation for climate adaptation and provide them with a cookbook of options that might be most appropriate to their unique circumstances," Chabot said.

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Confronting water threat

Climate

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Most of the defense plans in the report focus on nature- based approaches, such as restoring the bay's lost wetland habitats and construction of beaches that can buffer coastline communities. These are to be used in tandem with structural defenses like sea walls, which would give them longevity and still provide habitat for marine life, Chabot said.

San Francisco Bay's waters already have risen 8 inches since the mid-1800s. A tide gauge at Fort Point, next to the Golden Gate Bridge, has recorded measurements since 1850.

Recent studies by the U.S. Geological Survey, National Academy of Sciences and other scientific organizations estimate that, depending on the amount of greenhouse gases released into the atmosphere in the coming years, the Pacific Ocean on the West Coast — and in turn, the water in San Francisco Bay — will rise up to 2 feet by 2050 and up to 5 feet by 2100.

Marin County played a key role in the atlas' creation during the past two years and is already designing and testing some of these defense mechanisms.

"We're talking about new kinds of options that haven't been developed before," said Jack Liebster, head of advanced planning for the Marin County Community Development Agency. "Any time you're in that sort of leading edge, the best information you can get is extremely important to see if we can really expand the responses we can have to this problem."

A gravel and mixed beach on Aramburu Island in Richardson Bay constructed in 2012 has worked to reduce the effects of erosion. Using the lessons learned from this past project, the county is designing three more beach projects at Blackie's

For communities like San Rafael, which were built on wetlands that were filled in, the options are more limited. While there are potential sites for defenses like Tiscornia Marsh near Pickleweed Park, the atlas says that other considerations such as raising streets and buildings and providing tax incentives for businesses to relocate out of flood-prone areas should be considered.

Marin also has already undergone sea-level rise planning and has formed a multi-city group called BayWAVE to coordinate its preparations.

"Marin is quite ahead," said Matt Gerhart, the Coastal Conservancy's Bay Area program manager.

Communities such as Corte Madera plan to integrate the atlas' recommendations as it forms its own climate change adaptation plan, which focuses on issues from sea-level rise to wildfires. One area of concern is the Corte Madera marshlands, which have experienced heavy erosion through the years but pose a challenge due to the various agencies that have easements and jurisdiction over them.

The town's public works director, Peter Brown, said the town formed an advisory committee and invited officials from neighboring cities and the county to help guide the process.

Pasture in Tiburon, Seminary Drive and Paradise Beach, according to county senior flood control engineer Roger Leventhal. "We're trying to show a proof of concept in a wider variety of settings," Leventhal said, saying that his long-term goal is to create a manual that other engineers can use when designing similar projects around the bay.

There are also "living shoreline" projects, such as the oyster and eelgrass reef in the bay waters off of San Rafael, which work to buffer powerful waves and provide stabilization. The state Coastal Conservancy and other partners are expanding this concept to other parts of the bay.

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"I think all local governments should be wellsynced with their neighbors," Brown said.

All of this planning will take time and require significant funding, much of which has yet to be identified. For these efforts to work, Chabot said the state will also need to play a significant role through funding and policy incentives.

"The painful reality is the shoreline and intertidal zone is the Beirut, the Baghdad, the Benghazi of politics," Chabot said. "It's got more laws and more lawyers and more interest groups engaged and decision-making moves very slow.

"The threat of climate change and sea-level rise requires a dramatic acceleration of decision-making and shoreline protection politics to be designed and implemented," he continued.

The atlas can be found online at sfei.org/adaptationatlas The atlas project was funded by the San Francisco Bay Regional Water Quality Control Board along with the Bernard and Anne Spitzer Charitable Trust, the Marin Community Foundation, the Seed Fund, the Gordon and Betty Moore Foundation and Google. *Bay Area News Group contributed to this report.*

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