MEMORANDUM

To: Board of Directors

From: David L. Bentley, Auditor-Controller

Subj: Public Hearing/Approve – Proposed FY08/09 Equipment Budget

RECOMMENDED ACTION: Approve

FINANCIAL IMPACT: $306,400

Presented for your third and final review, public hearing and approval is the proposed Equipment Expenditures Budget for FY08/09. There have been no changes to the proposed budget since your last review on May 20. The Proposed Equipment Budget totals $306,400, up 4% from the Equipment Budget adopted last year.

Recommendation:

Approve the FY08/09 Equipment Budget as presented.
## Equipment Expenditures
### Fiscal Year 2008/2009 Budget

<table>
<thead>
<tr>
<th>1 INFORMATION SYSTEMS</th>
<th>Proposed</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Master Console - Info Sys Specialist</td>
<td>$1,300</td>
<td>1 Allows control of 8 servers from 1 console &amp; monitor - also allows secure offsite administration of network.</td>
</tr>
<tr>
<td>b. Backup Tape Drive &amp; Software</td>
<td>7,000</td>
<td>1 Higher capacity and faster backup of District servers.</td>
</tr>
<tr>
<td>c. Battery Backup (UPS) for Servers</td>
<td>1,300</td>
<td>1 Additional UPS for power fluctuation protection</td>
</tr>
<tr>
<td>d. Software for Backup of District Data</td>
<td>1,400</td>
<td>1 Software to allow backup of SQL servers - includes software licenses for 3 additional servers</td>
</tr>
<tr>
<td>e. Auditor-Controller Laptop Computer</td>
<td>1,800</td>
<td>1 To replace outdated laptop - includes docking station</td>
</tr>
<tr>
<td>f. Receptionist Desktop PC</td>
<td>1,400</td>
<td>1 To replace outdated computer</td>
</tr>
<tr>
<td><strong>Engineering</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g. Engr Tech IV Desktop PC</td>
<td>1,400</td>
<td>1 To replace outdated computer</td>
</tr>
<tr>
<td>h. Junior Engineer Desktop PC</td>
<td>1,400</td>
<td>1 To replace outdated computer</td>
</tr>
<tr>
<td>i. Assistant Engineer Desktop PC</td>
<td>1,400</td>
<td>1 To replace outdated computer</td>
</tr>
<tr>
<td>j. Chief Engineer Laptop Computer</td>
<td>1,800</td>
<td>1 To allow work offsite - includes docking station</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$20,200</td>
<td></td>
</tr>
</tbody>
</table>

| 2 OPERATIONS           |          |       |
| a. STP Dry Batch Auto Polymer System | 35,000 | Allows automated mixing of dry polymer to allow unattended operation of the plant |
| b. STP UV Spectrophotometer | 4,300 | 1 To measure dissolved organic carbon in raw, applied and finished waters |
| **Total**              | $39,300 |       |

| 3 CONSTRUCTION         |          |       |
| a. Generator/Light Tower | $9,200 | For night time emergency work and night projects |
| b. 4" & 6" Potable Water Hose (660') and Fittings | $11,000 | For portable pipeline system and work with Hale pump |
| **Total**              | $20,200 |       |
### Equipment Expenditures
#### Fiscal Year 2008/2009 Budget

<table>
<thead>
<tr>
<th>4 ADMINISTRATION</th>
<th>Proposed</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Automated Payment Remittance System</td>
<td>22,000</td>
<td>Payments are scanned &amp; digitized, automatically posted to customer accounts, and electronically deposited</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5 MAINTENANCE</th>
<th>Proposed</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Electronic Meg Ohm Meter</td>
<td>$2,000</td>
<td>1</td>
</tr>
<tr>
<td>b. ABS Diagnostic Scanner &amp; Software</td>
<td>3,500</td>
<td></td>
</tr>
<tr>
<td>c. Broken Valve Nut Wrench</td>
<td>700</td>
<td>1</td>
</tr>
<tr>
<td>d. Gas Monitor Upgrades</td>
<td>6,500</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6 ENGINEERING</th>
<th>Proposed</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Photocopier</td>
<td>6,000</td>
<td>1</td>
</tr>
<tr>
<td>b. Workstation Furniture w/Chair</td>
<td>1,200</td>
<td>Temporary Work Area</td>
</tr>
<tr>
<td>c. Flow Data Logger</td>
<td>2,800</td>
<td>A second unit for pump station and PRV locations to obtain data when the primary unit is being used.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th>$12,700</th>
</tr>
</thead>
</table>

| Total | $10,000 |
VEHICLE & ROLLING EQUIPMENT EXPENDITURES

a. 25,000 GVW Cab & Chassis Diesel w/Service Body $117,000 1
   Will replace crew truck #8, '93 F450 w/42,000 miles. #8 is at max GVW with no room for added weight, which contributes to excessive frame flexing causing the body floor to crack near the frame mounts.

b. Tier II Diesel Compressor w/Dual Hose Reel 15,000 1
   Will replace '92 Ingersoll Rand w/Tier 0 engine. The Ingersoll Rand can be rebuilt & serve as a low-hour spare preventing the need for a rental during hydropneumatic system quarterly maintenance. This replacement will help with the CARB Portable Emissions Compliance rule.

c. 30 KW Tier II Diesel Generator w/Cord & Plug 25,000 1
   Will replace 25KW military generator. Existing generator does not have the proper voltage for our pumping systems. The new generator will also be used for small pump stations and in West Marin during power outages, freeing the larger generator for larger pump stations.

d. Hybrid Car/SUV 25,000 1
   Will replace #32, '99 Dodge 1/2 ton. #32 will replace #22, a '98 GMC Sonoma with w/66,000 miles (a lemon), which has had a lot of problems related to its age, including a major oil leak in the rear of the engine.

Total $182,000

Notes:

c: Capital; e: Expense
1 Replacement item.
2 Excludes $24,000 included in the approved budget detail but excluded from budget total due to an addition error.

<table>
<thead>
<tr>
<th>RECAP</th>
<th>Adopted</th>
<th>Estimated</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>2007/08</td>
<td>2007/08</td>
<td>2008/09</td>
</tr>
<tr>
<td>Equipment</td>
<td>$148,200</td>
<td>$118,000</td>
<td>$124,400</td>
</tr>
<tr>
<td>Vehicles</td>
<td>146,800²</td>
<td>183,000</td>
<td>182,000</td>
</tr>
<tr>
<td>Total</td>
<td>$295,000</td>
<td>$301,000</td>
<td>$306,400</td>
</tr>
</tbody>
</table>
# PC Purchase/Distribution Plan - FY09

<table>
<thead>
<tr>
<th>Division</th>
<th>New Computer</th>
<th>Existing Go To</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Admin</strong></td>
<td><strong>$1,800</strong> Laptop/2GB RAM Auditor-Controller</td>
<td>Laptop Pentium M 1.6 GHz/512MB RAM IT Wireless Diagnostic</td>
</tr>
<tr>
<td><strong>2 Admin</strong></td>
<td><strong>$1,400</strong> 3.4 GHz/2GB RAM Receptionist</td>
<td>AMD Duron 0.95 GHz/256MB RAM Surplus</td>
</tr>
<tr>
<td><strong>3 Engr</strong></td>
<td><strong>$1,400</strong> 3.4 GHz/2GB RAM Engr Tech IV</td>
<td>Celeron 2.7GHz/512MB RAM Surplus</td>
</tr>
<tr>
<td><strong>4 Engr</strong></td>
<td><strong>$1,400</strong> 3.4 GHz/2GB RAM Junior Engr</td>
<td>Celeron 2.7GHz/512MB RAM Warehouse Scanner II</td>
</tr>
<tr>
<td><strong>5 Engr</strong></td>
<td><strong>$1,400</strong> 3.4 GHz/2GB RAM Assist Engr</td>
<td>Celeron 2.7GHz/1.5GB RAM Account Cr Clerk I</td>
</tr>
<tr>
<td><strong>6 Engr</strong></td>
<td><strong>$1,800</strong> Laptop/2GB RAM Chief Engr</td>
<td>Pentium 4 3.2GHz/1GB RAM Sr. EM Tech</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pentium 2 0.4GHz/256MB RAM Surplus</td>
</tr>
<tr>
<td><strong>Existing Go To</strong></td>
<td></td>
<td><strong>No Existing</strong></td>
</tr>
</tbody>
</table>
MEMORANDUM

To: Board of Directors

From: David L. Bentley, Auditor-Controller

Subj: Public Hearing/Approve - Proposed FY08/09 & FY09/10 Improvement Projects Budget

June 13, 2008

RECOMMENDED ACTION: Approve

FINANCIAL IMPACT: FY09: $5.7 million; FY10: $3.9 million (both net outlay after loan funding)

Presented for your final review, public hearing and approval is the proposed Improvement Projects Budget for the Novato service area for both FY08/09 and FY09/10. No changes have been made since your last review on May 20.

The FY08/09 proposed budget totals $6.7 million, and includes $2,850,000 for construction of the 4 MG Palmer Drive Tank, and $1.2 million for additional improvements to the Stafford Treatment Plant Outlet Tower Sluice Gate Repair. The net District outlay, after deducting $1 million in State Revolving Fund monies for completion of the Sluice Gate Repair, stands at $5.7 million for FY08/09, compared to $6.0 million approved in FY07/08.

The FY09/10 proposed budget totals $5.8 million, with a net District Outlay of $3.9 million.

Recommendation:

Approve the FY08/09 & FY09/10 Improvement Projects Budgets as presented.
## NMWD Improvement Projects

### 1. PIPELINE REPLACEMENTS/ADDITIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>FY09</th>
<th>FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Main/Pipeline Replacements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Plaza DeMira/Plaza Loma Srvc Saddle Replace (21)</td>
<td>56,000</td>
<td></td>
</tr>
<tr>
<td>5 Sunset Parkway - Replace Service Saddles (20)</td>
<td>40,000</td>
<td></td>
</tr>
<tr>
<td>6 Replace Topaz 2&quot; Thin Wall PVC (Ph II - 42 Svcs)</td>
<td>$96,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>b. Main/Pipeline Additions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 2nd Feed to Amaroli Tank (16&quot;@1,500')</td>
<td></td>
<td>$550,000</td>
</tr>
<tr>
<td>2 12&quot; Extension to Aqueduct @ Novato Builders</td>
<td></td>
<td>90,000</td>
</tr>
<tr>
<td>$550,000</td>
<td></td>
<td>$90,000</td>
</tr>
<tr>
<td>c. PB Service Line Replacements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Park Crest Ct (8 Services)</td>
<td>16,000</td>
<td></td>
</tr>
<tr>
<td>4 Santolina, Rockrose &amp; Fontana (18 Services)</td>
<td>36,000</td>
<td></td>
</tr>
<tr>
<td>5 Van Buren Ct (8 Services)</td>
<td>16,000</td>
<td></td>
</tr>
<tr>
<td>6 Albion Court (15 Services)</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>7 Orange Ave - West (12 Services)</td>
<td>24,000</td>
<td></td>
</tr>
<tr>
<td>8 Plaza Hermosa (16 Services)</td>
<td>36,000</td>
<td></td>
</tr>
<tr>
<td>$98,000</td>
<td>$60,000</td>
<td></td>
</tr>
<tr>
<td>d. Relocations to Sync w/City &amp; County C.I.P.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 City Paving Coordination (Measure B)</td>
<td>$20,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>8 Redwood Blvd (Landing to Yukon)</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>9 Novato Blvd (Grant to Eucalyptus)</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td>10 Warner Creek (Center Road &amp; Wilmac)</td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>11 Redwood Blvd (Rowland to Oak Crest)</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>12 Mill Road (Wilson to Trumble)</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>13 Rush Creek</td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>$140,000</td>
<td>$85,000</td>
<td></td>
</tr>
</tbody>
</table>

**Total:** $884,000 $385,000

### 2. SYSTEM IMPROVEMENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>FY09</th>
<th>FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. System &amp; Tank Cathodic Protection Maint/Upgrade</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>b. Flushing Taps at DCVs or Zone Valves (12 biennially)</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>c. Detector Check Assembly Replacements (7 biennially)</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>d. RTU Installations</td>
<td>18,000</td>
<td></td>
</tr>
<tr>
<td>e. Replace Telemetry: Lynwood, SM Aq &amp; Kastania PS</td>
<td>97,000</td>
<td></td>
</tr>
<tr>
<td>f. Sampling Stations (6 biennially)</td>
<td>24,000</td>
<td></td>
</tr>
<tr>
<td>g. Air Release Valve Upgrades (3 biennially)</td>
<td>36,000</td>
<td></td>
</tr>
<tr>
<td>h. Meter Accuracy Testing</td>
<td>16,000</td>
<td></td>
</tr>
<tr>
<td>i. Inaccurate Meter Replacement Program</td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>j. Anode Installations</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>k. Other System Improvements</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total:</strong> $207,000 $269,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 3. BUILDING, YARD, STP. IMPROVEMENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>FY09</th>
<th>FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Administration Building</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Logo Redesign/Website Improv (Consultant)</td>
<td>$15,000</td>
<td></td>
</tr>
<tr>
<td>4 Other Admin Bldg Improvements</td>
<td>30,000</td>
<td>30,000</td>
</tr>
</tbody>
</table>

1 of 3
### NMWD Improvement Projects

<table>
<thead>
<tr>
<th>Project Description</th>
<th>FY09</th>
<th>FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td>b. Corp. Yard/Warehouse/Construction Office</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Other Yard Improvements</td>
<td>25,000</td>
<td>25,000</td>
</tr>
<tr>
<td></td>
<td>$25,000</td>
<td>$25,000</td>
</tr>
<tr>
<td>c. Stafford Treatment Plant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Outlet Tower Sluice Gate Repair (Note 1)</td>
<td>$1,200,000</td>
<td></td>
</tr>
<tr>
<td>6 HVAC Improvements</td>
<td>90,000</td>
<td></td>
</tr>
<tr>
<td>7 Control Automation Customization (Consultant)</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>10 Start-up Flushing Connection</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>11 Solar Panel Design/Build</td>
<td>1,850,000</td>
<td></td>
</tr>
<tr>
<td>12 GAC Building Rehab</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>13 Replace Force Sewer Main</td>
<td>770,000</td>
<td></td>
</tr>
<tr>
<td>14 Replace Control Valves 350 &amp; 351 w/Manual Valves</td>
<td>38,000</td>
<td></td>
</tr>
<tr>
<td>15 Automatic Lake Profiling System</td>
<td>73,000</td>
<td></td>
</tr>
<tr>
<td>16 Spillway Security Improvements</td>
<td>27,000</td>
<td></td>
</tr>
<tr>
<td>18 Lake Sediment Survey and Dredging Specifications (in-house)</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1,358,000</td>
<td>$2,874,000</td>
</tr>
<tr>
<td></td>
<td>$1,428,000</td>
<td>$2,929,000</td>
</tr>
</tbody>
</table>

4. STORAGE TANKS/PUMP STATIONS

<table>
<thead>
<tr>
<th>Project Description</th>
<th>FY09</th>
<th>FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Clear Tank Sites</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Loma Verde (200,000 gal, 1958)</td>
<td>$50,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$0</td>
<td>$50,000</td>
</tr>
<tr>
<td>b. Tank Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Palmer Drive Tank (4 MG) (Note 2)</td>
<td>2,850,000</td>
<td></td>
</tr>
<tr>
<td>3 Crest Tank #2 (0.5 MG) (Note 2)</td>
<td>55,000</td>
<td>700,000</td>
</tr>
<tr>
<td></td>
<td>$2,905,000</td>
<td>$700,000</td>
</tr>
<tr>
<td>c. Tank Rehabilitation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Ponti Recoat/Seismic Upgrade (0.5 MG)</td>
<td>$450,000</td>
<td></td>
</tr>
<tr>
<td>3 Lynwood Recoat/Seismic Upgrade (0.5 MG)</td>
<td></td>
<td>1,000,000</td>
</tr>
<tr>
<td></td>
<td>$450,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>d. Trumbull PS Expansion/Tank Check Valve</td>
<td>$150,000</td>
<td></td>
</tr>
<tr>
<td>1 Lynwood Pump Station</td>
<td>88,000</td>
<td></td>
</tr>
<tr>
<td>2 San Marin Pump Station</td>
<td>69,000</td>
<td></td>
</tr>
<tr>
<td>g. Storage Tank Security and Overflow Controls</td>
<td>17,000</td>
<td></td>
</tr>
<tr>
<td>h. Garner Hydro-pneumatic Pressure System Bypass Piping</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$3,879,000</td>
<td>$1,770,000</td>
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5. WATER CONSERVATION

<table>
<thead>
<tr>
<th>Project Description</th>
<th>FY09</th>
<th>FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Residential</td>
<td>$267,000</td>
<td>$265,000</td>
</tr>
<tr>
<td>b. Commercial</td>
<td>6,000</td>
<td>30,000</td>
</tr>
<tr>
<td>c. Direct Mail Newsletter</td>
<td>23,000</td>
<td>25,000</td>
</tr>
<tr>
<td>d. Large Landscape</td>
<td>13,000</td>
<td>30,000</td>
</tr>
<tr>
<td>g. SCWA Regional Program</td>
<td>115,000</td>
<td></td>
</tr>
</tbody>
</table>
## NMWD Improvement Projects

<table>
<thead>
<tr>
<th></th>
<th>FY09</th>
<th>FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. PRELIMINARY PROJECT ENGINEERING &amp; STUDY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Facility Map Database</td>
<td>$20,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>b. Renew Intertie with MMWD</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td>g. Energy Efficiency Study</td>
<td></td>
<td>15,000</td>
</tr>
<tr>
<td>h. Long Range Plan Update - Board Workshop</td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>j. Energy Efficiency Implementation (in-house)</td>
<td></td>
<td>15,000</td>
</tr>
<tr>
<td>k. Novato Creek Steelhead Survey/Enhancements</td>
<td></td>
<td>5,000</td>
</tr>
<tr>
<td>l. Retiree Health Benefit Actuarial Study</td>
<td></td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>$38,000</td>
<td>$55,000</td>
</tr>
<tr>
<td>8. LIABILITY/SAFETY MODIFICATIONS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Misc. Security Enhancements</td>
<td></td>
<td>$15,000</td>
</tr>
<tr>
<td>b. Risk Audit</td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td>$15,000</td>
<td>$10,000</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GROSS PROJECT OUTLAY</td>
<td>$6,675,000</td>
<td>$5,768,000</td>
</tr>
<tr>
<td>12. LESS FUNDED BY LOANS/OTHER</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Stafford Treatment Plant SRF Loan</td>
<td>($1,000,000)</td>
<td>$0</td>
</tr>
<tr>
<td>e. STP Solar Panel Loan Funding</td>
<td>0</td>
<td>(1,850,000)</td>
</tr>
<tr>
<td></td>
<td>($1,000,000)</td>
<td>($1,850,000)</td>
</tr>
<tr>
<td>NET PROJECT OUTLAY</td>
<td>$5,675,000</td>
<td>$3,918,000</td>
</tr>
</tbody>
</table>

Total Number of Projects 39 41

Note 1 - Sluice Gate Repair & Security funded by SRF Loan.
Note 2 - Zone 1 Palmer Drive Storage & Crest Tank #2 funded by FRC funds.
DESCRIPTION OF PROPOSED FY 2008/09 BUDGETED IMPROVEMENT PROJECTS

1. PIPELINE REPLACEMENTS/ADDITIONS
   a. Main/Pipeline Replacements
      4. Plaza De Mira/Plaza Loma Service Saddle Replacement (28 services) - $56,000
         Ongoing asset management program to replace aging infrastructure susceptible to sudden failure.
      5. Sunset Pkwy Service Saddle Replacement (20 services) - $40,000
         Ongoing asset management program to replace aging infrastructure susceptible to sudden failure.
   b. Main/Pipeline Additions
      1. 2nd Feed to Amaroli Tank (16" @ 1,500') - $550,000
         Install 1,500 feet of 16" from end of Pamaron Way to existing 16" water main along Igloo Road (at the base of Ammo Hill). This project will improve water flow to the Amaroli Water Tank and increase fire protection in the Bel Marin Keys Commercial Area.
   c. PB Service Line Replacements
      3. Park Crest (8 services) - $16,000
         Ongoing program to replace polybutylene services.
      4. Santolina, Rockrose & Fontana (18 services) - $36,000
         Ongoing program to replace polybutylene services.
      5. Van Buren Ct (8 servs) - $16,000
         Ongoing program to replace polybutylene services.
      6. Albion Ct. (15 servs) - $30,000
         Ongoing program to replace polybutylene services.
   d. Relocations to Sync w/City & County C.I.P.
      1. City Paving Coordination (Measure B) - $20,000
         Provide the City of Novato with time and materials for locating and raising street valves.
      8. Redwood Blvd (Landing to Yukon) - $10,000
         Provide the City of Novato with time and materials for locating and raising street valves.
      9. Novato Blvd (Grant to Eucalyptus) - $10,000
         Provide the City of Novato with time and materials for locating and raising street valves.
      10. Warner Creek (Center Rd & Wilmac) - $100,000
          Relocate an existing 16" and 8" water main in Center Road resulting from a new bridge replacement project at Warner Creek. Project also requires a 6" water main lowering in Warner Creek near the McKeon Court cul-de-sac.

2. SYSTEM IMPROVEMENTS
   a. System Cathodic Protection Maintenance/Upgrades - $50,000
      Miscellaneous cathodic upgrades are required to protect steel water mains (including NMWD aqueduct) from corrosion.
   e. Replace Telemetry: Lynwood, SM Aqueduct & Kastania PS - $97,000
      Replacement of the remote telemetry units at the Kastania & Lynwood Pump Stations as well as the Aqueduct Valve Control (near Fireman's Fund)
   l. Sampling Stations (3 per year) (6 biennially) -- $24,000
      Install sample stations to test for water quality. There are 51 permanent sampled stations in our system. There are 17 more locations that need a permanent
station installed.

m. Air Release Valve Upgrades (3 biennially) - $36,000
   Repair or replace ARVs for safe expulsion of unwanted air in system. There are currently 89 ARVs in our system. Approx. 13 ARVs are currently on the list to be replaced.

3. BUILDING, YARD, S.T.P. IMPROVEMENTS
   a. Administration Building
      1. Logo Redesign/Website Improvements (consultant) - $15,000
         Refresh NMWD Logo and continue improvements to website.
      4. Other Admin Bldg Renovations - $30,000
         Minor repairs identified throughout the year,
   b. Corporation Yard/Warehouse/Construction Office
      2. Other Yard Improvements - $25,000
         Minor repairs identified throughout the year
   c. Stafford Treatment Plant
      1. Outlet Tower Sluice Gate Repair – $1,200,000
         Design and construct new sluice gates to replace the existing corroded and deteriorated gates on the outlet tower. Once completed, this work will satisfy the requirements of the Division of Safety of Dams to replace the existing inoperable 30" scour gate.
      6. HVAC Improvements - $90,000
         Misc. improvement to the existing STP office ventilation system.
      7. Control Automation Customization - $20,000
         Project to complete the automation at STP. Will provide the final network tie-ins of the SCADA system to the plant SQL server and finalize the reporting formats for both automatic control operations.
      10. Start-Up Flushing Connection - $30,000
         Project to provide the means of flushing the Novato Blvd main from the Sutro intersection all the way back to the STP with Zone 2 water.
      16. Spillway Security Improvements - $27,000
         Address the spillway security issues.
      17. Watershed Erosion Control
         1. STRAW Project - $18,000
         Project is a set aside for monies to the STRAW program.

4. STORAGE TANKS/PUMP STATIONS
   b. Tank Construction
      2. Palmer Drive Tank (4 MG) - $2,850,000
         The Novato Water System Master Plan identifies construction of additional required Zone 1 storage capacity (approx. 3-5,000,000 gals). The District acquired property from the Pell Development site along Palmer Dr. above Pt. Marin Phase I development, and completed a 16" transmission main through the Pt. Marin Phase I and the Summerhill Home developments in the old Pell property. Construction commenced in spring 2008 and will be completed by December 2008.
3. **Crest Tank #2 - $55,000**
   Initial planning and CEQA permitting for construction of a second water tank (500,000 gallon welded steel tank supported on a concrete ringwall foundation) to address the Master Plan identified Crest Zone water storage deficit.

c. **Tank Rehabilitation**
   1. **Ponti Recoat/Seismic Upgrade - $450,000**
      Interior and exterior recoat along with installation of a flexible inlet/outlet connection. Tank anchorage is not required.

d. **Trumbull PS Expansion / Tank Check Valve - $150,000**
   Expand the capacity of the Trumbull PS to address deficiencies identified in the Zone 3-4 Study.

f. **Motor Control Center Replacements**
   1. **Lynwood Pump Station - $88,000**
      Replace the motor controls at the Lynwood Pump Station combine with the removal of the surge control valves.
   2. **San Marin Pump Station - $69,000**
      Replace the motor controls at the San Marin Pump Station combine with the removal of the surge control valves.

g. **Storage Tank Security and Overflow Controls - $17,000**
   Installation of latch access switches and high level overflow floats in the prime storage tanks in the Novato system.

h. **Garner Hydropneumatic Pressure System Bypass Pipe - $20,000**
   Develop and install modifications to the Garner tank outlet supply piping to allow the water to bypass the hydropneumatic tank during extended power outages.

5. **WATER CONSERVATION**
   a. **Residential -- $267,000**
      Includes $150,000 in staff time, $15,000 in cash-for-grass rebates, $10,000 for ET Controller Rebates, $50,000 in SF HET rebates, $7,500 in multi-family HET rebates, and $10,000 for public outreach.

   b. **Commercial -- $6,000**
      Includes $5,000 for commercial toilet rebates, $1,000 for commercial audits.

   c. **Direct Mail Newsletter -- $23,000**
      Includes $14,000 for the Spring Waterline and $9,000 for the Fall Waterline.

   d. **Large Landscape -- $13,000**
      Includes $1,000 for large landscape audits, $1,000 for landscape budgets, $5,000 for large landscape irrigation rebates, and $6,000 for a new CIMIS Station.

   g. **SCWA Regional Programs - $115,000**
      Includes $33,000 in washing machine rebates, $17,000 for Water Smart Home Surveys (residential audits), $14,000 for large landscape and commercial audits, and $50,000 for conservation staff assistance.
6. PRELIMINARY PROJECT ENGINEERING & STUDY
   a. Facility Map Database - $20,000
      District staff time and outside consultant support fees to expand on development
      of a Novato System Geographic Information System (GIS) to improve information
      management contained within the facility maps, especially improving overall
      access and retrievability of important asset management information.
   b. Renew Intertie with MMWD - $3,000
      Staff and legal time to finalize a new Intertie agreement with MMWD.
   j. Energy Efficiency Implementation - $15,000
      This project will develop a method for the district to track all energy use in a
      comprehensive program based on the outline provided by the Climate Protection
      Campaign. We will list all aspects of our operations that contribute to greenhouse
      gas emissions, create a base-line for energy consumption and emission
      contributions, and produce a proposed roadmap for reduction.

9. LIABILITY/SAFETY MODIFICATIONS
   a. Misc. Security Enhancements - $15,000
      Yard security monitoring system.
MEMORANDUM

To: Board of Directors
From: David L. Bentley, Auditor-Controller

Subj: Public Hearing/Approve – FY08/09 Novato Recycled Water Budget

RECOMMENDED ACTION: Approve

FINANCIAL IMPACT: $659,000 Expenditure Plan for FY09

The District’s Recycled Water Facility (RWF) budget projects demand of 63MG next fiscal year (see chart of historical water use attached), consistent with the projected current year demand. Extension to the Novato Fire Protection District this fall is expected to add about 300,000 gallons annually to demand. Budgeted operating expenditures are also consistent with the amounts projected for this year, though they are 14% over the FY08 budget.

Novato Sanitary District (NSD) has not yet rendered a bill for operating the facility. NSD estimates the cost will come in at $86,000 for FY08, which includes one-time start-up costs. Contract operation for FY09 is projected at $78,000.

The RWF fund presently carries a cash balance of $450,000. However, the first State Revolving Fund debt service payment of $273,000 is due June 19, and combined with the $86,000 bill from NSD, will leave the fund with less than $100,000 cash. A $200,000 Proposition 50 Grant, derived through the District’s participation in the Bay Area Clean Water Agencies Integrated Regional Water Management Plan, is budgeted to be received next fiscal year, and is needed to offset the cost of planned Improvement Projects (IP).

The IP plan for FY09 totals $278,000. In order to avoid exhausting the RWF cash balance, we will forego the $100,000 RWF Replacement Fund contribution in FY09, and resume it in FY10 when the IP plan totals a more affordable $15,000.

<table>
<thead>
<tr>
<th>RECYCLED WATER IMPROVEMENT PROJECTS</th>
<th>FY09</th>
<th>FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. RWF Expansion to NFPD Station #2</td>
<td>$50,000</td>
<td></td>
</tr>
<tr>
<td>b. North Bay Reuse Authority EIR</td>
<td>138,000</td>
<td></td>
</tr>
<tr>
<td>c. Pipeline Extension - Plum Tank to Summers (Developer Cr)</td>
<td>60,000</td>
<td></td>
</tr>
<tr>
<td>d. Reservoir Hill Tank Property Transfer</td>
<td></td>
<td>5,000</td>
</tr>
<tr>
<td>e. RWF Communication Upgrade</td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>f. Spanish Housing Recycled Water Study</td>
<td></td>
<td>10,000</td>
</tr>
</tbody>
</table>

$278,000 $15,000

Staff Recommendation:

Approve the FY08/09 Recycled Water Facility Budget as presented.
### NOVATO WATER - RECYCLED WATER FACILITY
#### BUDGET SUMMARY
##### Fiscal Year 2008/09

<table>
<thead>
<tr>
<th>Proposed Budget 2008/09</th>
<th>Estimated Actual 2007/08</th>
<th>Adopted Budget 2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td></td>
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</tr>
<tr>
<td>Recycled Water Sales</td>
<td>$175,000</td>
<td>$111,000</td>
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<tr>
<td>Total Operating Income</td>
<td>$175,000</td>
<td>$111,000</td>
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<tr>
<td><strong>OPERATING EXPENDITURES</strong></td>
<td></td>
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</tr>
<tr>
<td>Operation of T&amp;D System</td>
<td>$13,000</td>
<td>$9,000</td>
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<tr>
<td>Contract Operation - Novato Sanitary</td>
<td>78,000</td>
<td>86,000</td>
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<tr>
<td>General Administration</td>
<td>17,000</td>
<td>12,000</td>
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<tr>
<td>Total Operating Expenditures</td>
<td>$108,000</td>
<td>$107,000</td>
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<tr>
<td><strong>NET OPERATING INCOME (LOSS)</strong></td>
<td>$67,000</td>
<td>$4,000</td>
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<td><strong>OTHER SOURCES OF FUNDS</strong></td>
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<tr>
<td>Interest Revenue</td>
<td>$4,000</td>
<td>$17,000</td>
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<tr>
<td>SRF Loan Funds</td>
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<tr>
<td>IRWMP Grant</td>
<td>200,000</td>
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<tr>
<td>Black Point Partners Contribution</td>
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<tr>
<td>Total Other Sources</td>
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<td><strong>OTHERUSES OF FUNDS</strong></td>
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<tr>
<td>Replacement Fund Contribution</td>
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<td>$101,000</td>
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<tr>
<td>Improvement Projects</td>
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<td>300,000</td>
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<td>Interest on Inter-District Loan</td>
<td>0</td>
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<tr>
<td>SRF Loan Debt Service</td>
<td>273,000</td>
<td>273,000</td>
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<tr>
<td>Total Other Uses</td>
<td>$551,000</td>
<td>$675,000</td>
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<tr>
<td><strong>NET SURPLUS/(DEFICIT)</strong>*</td>
<td>($29,000)</td>
<td>$304,000</td>
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<tr>
<td>Depreciation (not included above)</td>
<td>$98,000</td>
<td>$93,000</td>
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</table>

* Line 7+12-17
Stone Tree Golf Course
Annual Irrigation Water Use History

* Water use commenced in late May of 2000. FY01 use was high to establish new turf.

<table>
<thead>
<tr>
<th>Year</th>
<th>Recycled</th>
<th>Potable</th>
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<tbody>
<tr>
<td>FY01</td>
<td>125</td>
<td>125</td>
</tr>
<tr>
<td>FY02</td>
<td>86</td>
<td></td>
</tr>
<tr>
<td>FY03</td>
<td>79</td>
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<tr>
<td>FY04</td>
<td>89</td>
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<tr>
<td>FY05</td>
<td>67</td>
<td></td>
</tr>
<tr>
<td>FY06</td>
<td>66</td>
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<tr>
<td>FY07</td>
<td>59</td>
<td></td>
</tr>
<tr>
<td>FY08</td>
<td>44</td>
<td>34</td>
</tr>
<tr>
<td>FY09</td>
<td>63</td>
<td>0</td>
</tr>
</tbody>
</table>

6/12/08
MEMORANDUM

To: Board of Directors

From: David L. Bentley, Auditor-Controller


RECOMMENDED ACTION: Approve

FINANCIAL IMPACT: $10,320,000 in Operating Expenditures plus Budgeted Equipment, Improvement Projects and Debt Service Result in a Total Expenditure Plan of $18,146,000.

A water rate hearing notice was printed on every Novato customer’s water bill at least 45 days in advance of the hearing in accordance with Proposition 218, as follows:

A public hearing will be held at the District office at 8:00 PM on June 17, 2008, to consider an increase of 15% in water rates and charges, equivalent to $4/month for the typical residential customer. Call for additional details.

A detailed notice was also published in the Novato Advance (Attachment A) and individual letters were written to irrigation water customers Indian Valley Golf Club and Marin County Parks and Open Space (Attachments B&C). One response was received in the form of a letter to the Novato Advance from Robert Hemphill (Attachment D).

We received two phone calls. Lawrence Lee left a voicemail message on March 27 saying, in summary:

Happy with my bill - happy that I am conserving. 159 this year vs. 257 gal/day a year ago. Concerned about public hearing proposing a 15% increase. It is counter-intuitive. Help me understand. Santa Rosa is raising rates because people are using less water. If you are raising rates because people are using less water, that just doesn't seem right.

A phone call to Mr. Lee was not returned.

Si Timberman called on April 14 and advised, in summary, that:

I have a big yard, nice grass, looks good - worried that we will have no lawns. The tier rate is hitting me hard. Will see you at the public hearing.

No other verbal or written comments were received in response to our outreach efforts.

Budget Summary

The fiscal year 08/09 budget proposed herein projects a net “bottom line” deficit of $5,230,000. An across-the-board rate and charge increase of 11% has been factored into the
budget effective July 1, 2008. The proposed increase was reduced from 15% to 11% after the Board directed staff to reduce the cost of the $27 million 5-year Improvement Projects (IP) plan, which is the principal water rate driver. Staff reduced the cost by $8.9 million, accomplished by reducing the assumed IP expenditure rate to 65% (from 70%), proposing that four projects be financed if necessary or warranted, and deferring one project. The proposed 11% increase adds $850,000 to budgeted revenue during fiscal year 2008/09.

The $5.2 million deficit, which will be funded from reserves, compares to a FY07/08 budgeted deficit of $3.7 million. The FY08/09 deficit again arises from the aggressive Improvement Project program. Looking simply at operating revenue (water sales) less operating expenditures, we project a surplus of $638,000 (before depreciation expense).

Total budgeted expenditures, at $18.1 million, compare to $18 million budgeted in FY07/08. Budgeted expenditures net of Improvement Project outlays total $11.5 million, up 7% from the FY07/08 budget, and up 4% from the current year’s estimated actual expenditures.

Under the proposed budget, all customers would see a water cost increase of 11%, which equates to $41 annually for the typical residential customer ($3.42 per month, or $6.84 per bimonthly bill).

**Budget Detail**

**Water Sales** - Water sales volume is budgeted at 3.2 billion gallons, down 1% from the current fiscal year estimated actual, and 5% below the 10-year average. See the chart on page 7 of the budget document for a history of billed consumption. The sales volume decrease is premised upon continued effort toward conservation.

The proposed 11% increase will generate $1,077,000 per year, but will add only $850,000 to revenue during FY08/09 as the increase will not appear on water bills until statements are rendered in September 2008. To be consistent, staff recommends an increase for untreated water drawn directly from Stafford Lake by 11¢/1,000 (to $1.14/1,000 gallons), equivalent in percentage to the increase levied on all other accounts. Based on average water use over the past ten years, the annual increase to Indian Valley Golf will be about $7,000, and the increase to Marin County Parks about $1,400. A historical chart of Stafford Lake Irrigation Water Use is shown on page 9. The untreated rate will be reviewed again next year after we obtain additional operating cost data from the new treatment plant to reassess the value of the raw water.
Water demand within the Conservation Incentive Tier (Tier I), implemented January 1, 2007, was down 62 million gallons (19%)\(^1\) during its first year in effect, and generated $250,000 in additional revenue. Similarly, water demand subject to the Conservation Incentive Rate (Tier II), was down 14 million gallons (33%)\(^1\) during the same 12 month period, and generated $85,000 in additional revenue. Both of these rates ($1.34 and $4.01 per thousand gallons) are proposed to increase 11%.

**Other Revenue** – Connection Fee revenue is budgeted at $325,000 based upon the District’s development forecast. This revenue projection compares with $1,350,000 estimated actual revenue for the current fiscal year.

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>Description</th>
<th>DU</th>
<th>Sq Ft</th>
<th>EDU</th>
<th>Projected FRC Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1112 4th St Homes</td>
<td>SF Residential</td>
<td>10</td>
<td></td>
<td>10</td>
<td>$86,000</td>
</tr>
<tr>
<td>Hanf-Oleander L/D</td>
<td>SF Residential</td>
<td>4</td>
<td></td>
<td>4</td>
<td>$34,400</td>
</tr>
<tr>
<td>Hamilton Firehouse Museum</td>
<td>Commercial</td>
<td>5,600</td>
<td>2</td>
<td></td>
<td>$17,200</td>
</tr>
<tr>
<td>Misc Unidentified</td>
<td>Govt/Commercial</td>
<td>46,000</td>
<td>13</td>
<td></td>
<td>$111,800</td>
</tr>
<tr>
<td></td>
<td></td>
<td>23</td>
<td>51,600</td>
<td>38</td>
<td>$325,000</td>
</tr>
</tbody>
</table>

The new agreement with Sonoma County Water Agency (SCWA) discontinues reimbursement of Water Conservation Program expenditures, a source of funds averaging $300,000+ annually over the past several years. Wheeling charges to Marin Municipal Water District are budgeted at $80,000 ($10/AF for 8,000AF). Funds in the District's treasury are budgeted to earn an average interest rate of 3.5%. Rental income includes the Indian Valley Golf Club lease ($9,100), three grazing leases ($2,500), rental of the District's security apartment ($9,800), rental of the Point Reyes home ($24,400 – includes in-lieu labor), and rental of the Pacheco Valle tennis courts ($1,800).

State Revolving Fund Loan monies totaling $1,000,000 are budgeted to finance most of the Stafford Lake Outlet Tower repair.

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\(^1\) March 2006 through February 2007 demand compared to 2004 through 2007 average demand within Tier I (37,400-112,200 gallons bimonthly) and Tier II (112,200+ gallons bimonthly).
Operating Expenditures

Total Operating Expenditures are projected to increase 5% over the FY07/08 budget, and 4% over the FY07/08 estimated actual operating expenditures. Details of some of the individual components of the Operating Expenditure Budget follow.

Source of Supply is budgeted to increase 7% ($241,000) from this year’s estimated actual. Volume purchased from SCWA will remain consistent with FY07/08 purchases at 2,470 MG. The wholesale water rate will increase $83 per MG (6%), adding $210,000 to the District’s cost of purchased water. Stafford production, at 750 MG (2,300 acre-feet), will make up the balance of demand, resulting in a total budgeted potable production of 3,220 MG.

Water Treatment is budgeted to increase 1% from this year’s estimated actual. When compared to the FY07/08 budget, expenses are up 13% ($180,000). Operating costs for the new plant are beginning to settle. Laboratory expense to assure water quality continues to rise, up 15% from last year’s budgeted amount. With the lake full going into the summer, production of 750 MG is budgeted.

General Administration is budgeted to increase 8% ($131,000) from this year’s estimated actual and 10% over the FY07/08 budget. Expenditures for training and conferences are budgeted to increase $54,000 over the current budget as the push for additional staff training continues. Insurance & claims expense is budgeted to decrease $54,000 now that the employment practices liability claim filed by a retired employee has settled, and the softening insurance market has yielded lower insurance premiums. Retiree health expense is budgeted to increase $6,000 as the impact of the District’s cafeteria plan continues to retard the increase in benefit expenditures. Finally, 2009 is an off-year for elections, which will save over $50,000 in election expense.

Staffing - The proposed budget includes a staffing level of 58.2 full-time equivalent (FTE) employees, down 0.9 FTE from the current year budget.
Temporary staffing has been decreased by 650 hours ($7,000) to 6,500 hours. Temporary hours are budgeted as follows:

<table>
<thead>
<tr>
<th>Temporary Staffing Hours</th>
<th>FY09</th>
<th>FY08</th>
<th>Reason for Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>500</td>
<td>0</td>
<td>Document Scanning</td>
</tr>
<tr>
<td>Customer Accounting</td>
<td>1,000</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>1,000</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Engineering</td>
<td>1,500</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>1,400</td>
<td>1,400</td>
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</tr>
<tr>
<td>Operations</td>
<td>850</td>
<td>850</td>
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</tr>
<tr>
<td>Water Quality</td>
<td>250</td>
<td>1,400</td>
<td>Increase in FTE Staffing</td>
</tr>
<tr>
<td></td>
<td>6,500</td>
<td>7,150</td>
<td></td>
</tr>
</tbody>
</table>

For budgeting purposes, a 4% cost-of-living salary increase has been factored into the budget effective October 1, 2008. Total salaries are budgeted to increase $119,000, pushing up the total overheaded cost of payroll by $159,000.

The CalPERS Board is scheduled to approve group health insurance rates for 2009 on June 17, 2008. For budgeting purposes a 10% increase ($62,000 annually) is assumed, consistent with the 9.9% average annual increase experienced over the last three years. The market value of the District’s worker’s compensation insurance is projected at $150,000. The workers' comp insurance market continues to soften, and staff is recommending a return to standard first-dollar workers' comp coverage and to suspend our four-year-old self-insurance program. The CalPERS retirement contribution rate will remain constant at 22% of payroll ($905,000 annually).

Total budgeted operating expenditures are up $455,000 compared to the FY07/08 budget. An analysis of the significant differences between the FY07/08 budget and the proposed FY08/09 operating budget follows, listed in decreasing order of magnitude.
### Budget Component

<table>
<thead>
<tr>
<th>Item</th>
<th>Increase vs. FY08 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Charge to Novato Operations</td>
<td>$187,000</td>
</tr>
<tr>
<td>Purification Chemicals</td>
<td>171,000</td>
</tr>
<tr>
<td>Other misc. increases/(decreases) (less than +/- $10,000)</td>
<td>143,000</td>
</tr>
<tr>
<td>STP Materials &amp; Supplies</td>
<td>47,000</td>
</tr>
<tr>
<td>Hydrant &amp; DCV Replacement Parts</td>
<td>25,000</td>
</tr>
<tr>
<td>Power Cost</td>
<td>21,000</td>
</tr>
<tr>
<td>Purchased Water Cost</td>
<td>-40,000</td>
</tr>
<tr>
<td>Election Cost</td>
<td>-45,000</td>
</tr>
<tr>
<td>Insurance Premiums and Claims</td>
<td>-54,000</td>
</tr>
<tr>
<td><strong>Net increase</strong></td>
<td><strong>$455,000</strong></td>
</tr>
</tbody>
</table>

### Staff Recommendation:

1. Approve Resolution XXX amending Regulation 54 to increase rates and charges applicable to the Novato Service Area by 11% effective July 1, 2008;
2. Approve the FY08/09 Novato Operating Budget as presented;
3. Authorize the General Manager to pay demands arising from execution of the budgeted expenditure plan
NORTH MARIN WATER DISTRICT
REGULATION 54
WATER RATES

a. Rates for Domestic, Commercial and Industrial Users, Novato Service Area

(1) The following minimum service charge and water quantity rates shall be paid for domestic, commercial and industrial water service for each meter once every two months:

**MINIMUM SERVICE CHARGE**

<table>
<thead>
<tr>
<th>Meter Size</th>
<th>Effective 7/1/04-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8 x 3/4-inch</td>
<td>$10.60/$11.00</td>
</tr>
<tr>
<td>1-inch</td>
<td>$20.00/$22.00</td>
</tr>
<tr>
<td>1 1/2-inch</td>
<td>$24.00/$27.00</td>
</tr>
<tr>
<td>2-inch</td>
<td>$36.00/$42.00</td>
</tr>
<tr>
<td>3-inch</td>
<td>$76.00/$83.00</td>
</tr>
<tr>
<td>4-inch</td>
<td>$120.00/$133.00</td>
</tr>
<tr>
<td>6-inch</td>
<td>$251.00/$279.00</td>
</tr>
<tr>
<td>8-inch</td>
<td>$375.00/$416.00</td>
</tr>
</tbody>
</table>

**PLUS A QUANTITY CHARGE**

Residential Rate for Each 1,000 Gallons Per Dwelling Unit

<table>
<thead>
<tr>
<th>Gallons Bimonthly</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>First 37,400</td>
<td>$2.27/$2.52</td>
</tr>
<tr>
<td>37,401-112,200</td>
<td>$3.64/$4.04</td>
</tr>
<tr>
<td>Bimonthly use in excess of 112,200</td>
<td>$6.29/$6.97</td>
</tr>
</tbody>
</table>

Rate Per 1,000 Gallons for All Other Accounts

<table>
<thead>
<tr>
<th>Account</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial, Institutional &amp; Irrigation Accounts</td>
<td>$2.64/$2.90</td>
</tr>
<tr>
<td>Recycled Water</td>
<td>$2.90</td>
</tr>
</tbody>
</table>

**PLUS AN ELEVATION ZONE CHARGE FOR EACH 1,000 GALLONS**

<table>
<thead>
<tr>
<th>Zone</th>
<th>Elevation Zone</th>
<th>Effective 8/1/07/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0 through 60 feet</td>
<td>$0.00</td>
</tr>
<tr>
<td>B</td>
<td>60 feet – 200 feet</td>
<td>$0.27/$0.30</td>
</tr>
<tr>
<td>C</td>
<td>200 feet – 400 feet</td>
<td>$0.97/$0.97</td>
</tr>
<tr>
<td>D*</td>
<td>400 feet +</td>
<td>$1.56/$1.72</td>
</tr>
</tbody>
</table>

*Any customer receiving water through a District owned and maintained hydropneumatic system shall be assigned to Zone D irrespective of said customer's actual elevation.

(2) Effective August 1, 2007-2008 untreated water provided from Stafford Lake shall be paid once every two months at the following rate:

$4.931.14 per 1,000 gallons

(3) Customers in the Hamilton Field area who previously received water service from Marin Municipal Water District and prior to July 1, 2002, will receive water service from North Marin Water District, shall pay the minimum service charge
and water quantity rate applicable to consumers. Within Improvement District provided for in this Regulation, and shall also pay a temporary special rate component of $1.19 per 1,000 gallons for water service provided. The temporary special rate component shall expire on June 30, 2009.

(4) Customers outside the Improvement District boundary shall pay an additional 2922¢/1,000 gallons.

d. Rates for Service to Privately Owned Fire Protection Systems, All Service Areas

The rates for service through detector check assemblies owned by the District to privately owned and maintained systems supplying sprinklers, hydrants or other facilities exclusively for fire fighting are as follows:

<table>
<thead>
<tr>
<th>Size of Detector Assembly</th>
<th>Bi-monthly Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 inches or less</td>
<td>$5.00/$5.50</td>
</tr>
<tr>
<td>4 inches</td>
<td>$9.00/$10.00</td>
</tr>
<tr>
<td>6 inches</td>
<td>$18.00/$20.00</td>
</tr>
<tr>
<td>8 inches</td>
<td>$27.00/$30.00</td>
</tr>
<tr>
<td>10 inches</td>
<td>$36.00/$40.00</td>
</tr>
</tbody>
</table>

c. Rates for Domestic, Commercial and Industrial Users, West Marin Service Area:

(1) The following minimum service charge and water quantity rates shall be paid for domestic, commercial and industrial water service for each meter once every two months:

**MINIMUM SERVICE CHARGE**

<table>
<thead>
<tr>
<th>Description</th>
<th>Bi-monthly Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>For 5/8 x 3/4-inch meter</td>
<td>$10.00</td>
</tr>
<tr>
<td>For 1-inch meter</td>
<td>$20.00</td>
</tr>
<tr>
<td>For 1 1/2-inch meter</td>
<td>$24.00</td>
</tr>
<tr>
<td>For 2-inch meter</td>
<td>$38.00</td>
</tr>
<tr>
<td>For 3-inch meter</td>
<td>$75.00</td>
</tr>
</tbody>
</table>
| For all meters in Paradise Ranch Estates | $34.00     

**PLUS A QUANTITY CHARGE**

<table>
<thead>
<tr>
<th>Description</th>
<th>Effective 8/1/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Rate for Each 1,000 Gallons Per Dwelling Unit</td>
<td>$4.37</td>
</tr>
<tr>
<td>First 56,100 gallons bi-monthly</td>
<td>$9.72</td>
</tr>
</tbody>
</table>

**Rate Per 1,000 Gallons for All Other Accounts**

| Description                                      | $4.37            |
| Commercial, Industrial and Irrigation Accounts   |                  |

**PLUS A HYDRAULIC ZONE CHARGE FOR EACH 1,000 GALLONS**

<table>
<thead>
<tr>
<th>Zone</th>
<th>Hydraulic Zone</th>
<th>Effective 8/1/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Point Reyes Station</td>
<td>$0.00</td>
</tr>
<tr>
<td>2</td>
<td>Bear Valley, Silver Hills &amp; Inverness Park</td>
<td>$0.12</td>
</tr>
<tr>
<td>3</td>
<td>Lower Paradise Ranch Estates (Elevation 0' – 365')</td>
<td>$0.12</td>
</tr>
<tr>
<td>4</td>
<td>Olema</td>
<td>$0.44</td>
</tr>
<tr>
<td>5</td>
<td>Upper Paradise Ranch Estates (Elevation 365' +)</td>
<td>$2.91</td>
</tr>
</tbody>
</table>

(2) Effective, August 1, 2004, charge for raw water delivered from Lagunitas Creek shall be paid once every two months at the following rate:
$77.00 per acre foot ($0.24 per 1,000 gallons)

(3) **Customer** outside the Improvement District boundary shall pay an additional $1.74 per 1,000 gallons.

d. **Rates for Water Service from Hydrants**

The following rates shall be paid for water delivered via hydrant meter or pursuant to permit issued by the District from hydrants for uses other than fire fighting or fire prevention:

- **Effective 8/1/07**
  - Novato Service Area, for each 1,000 gallons ........................................ $4.16
  - West Marin Service Area Zone 1, 2, 3, 4 for each 1,000 gallons ............... $6.55
  - West Marin Service Area Zone 5 for each 1,000 gallons .......................... $9.02
  - The quantity of water delivered as aforesaid shall be determined by the District.

e. **Service Arrangements Requiring Assessment of Additional Minimum Service Charges, All Service Areas**

A minimum service charge established by this regulation, equal to $10.00 $11.00 bi-monthly shall be paid for each dwelling unit which includes a kitchen and which is metered pursuant to Regulation 4.b.(5).

f. **Minimum Service Charge for Residential Connections with Fire Fighting Equipment**

Where a 1-inch meter is installed solely to provide capacity for private fire sprinklers or other fire fighting equipment in residential connections, the minimum bi-monthly service charge shall be $11.00 $12.00.
North Marin Water District
WATER RATE HEARING

Purpose: Consider Proposed Rate Increase
Impact Area: Greater Novato Area
Date and Time: Tuesday, June 17, 2008 at 7:30 p.m.
Place: 999 Rush Creek Place, Novato

BACKGROUND: Water meters are read and customers receive a bill bimonthly. The bill is comprised of 1) "Water Usage Charge" that is determined by multiplying a commodity rate per 1,000 gallons times water use; and 2) fixed bimonthly "Service Charge" – currently $10 for the typical residential water meter. The Novato water service area is comprised of approximately 20,000 metered services distributed over four elevation zones through Novato. Customers residing within a higher elevation zone pay a correspondingly higher commodity rate, or “zone differential,” designed to recover the incremental cost of energy and maintenance for pumping water into each elevation zone. Median water use for a single-family detached home in Novato is 129,404 gallons annually.

NEED FOR INCREASE: The water rate increase is necessary to cover the cost of planned improvement projects, and increases in the cost of purchased water, power and labor.

PROPOSAL: It is proposed that the rates and charges be increased by 11% for all customers ($41 per year for the typical single-family residence).

IMPACT: The annual impact on the typical single-family residence is shown below:

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Annual Impact for typical single-family detached residence</th>
<th>(based on 129,404 gallons annual water use)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Commodity Rate / 1,000 Gal</td>
<td>Annual Cost</td>
</tr>
<tr>
<td>Weighted Avg</td>
<td>Current</td>
<td>$2.49</td>
</tr>
<tr>
<td>Proposed</td>
<td>$2.76</td>
<td>$357.16</td>
</tr>
</tbody>
</table>

| Elevation Zone | Commodity | Avg Cost | Minimum Charge | Total Bimonthly | $ | % |
|----------------|-----------|----------|----------------|----------------|----------|
| A (0'-60') | Current | $2.27 | $48.96 | $11.00 | $65.55 | $6.39 | 11% |
| Proposed | $2.52 | $54.35 | $64.78 |
| B (60'-200') | Current | $2.54 | $54.78 | $11.00 | $71.82 | $7.04 | 11% |
| Proposed | $2.92 | $60.82 | $84.72 |
| C (200'-400') | Current | $3.14 | $57.72 | $11.00 | $79.72 | $8.55 | 11% |
| Proposed | $3.49 | $75.27 | $96.27 |
| D (400'+) | Current | $3.92 | $82.39 | $11.00 | $94.39 | $10.06 | 11% |
| Proposed | $4.24 | $91.45 |

Note: About 90% of Novato water use is equally divided between Elevation Zones A and B. Zones C and D use 8% and 2% respectively. Thus, while the commodity rates for Zones C and D are higher than those in the lower elevation zones, they apply to only 10% of the District’s customers. Note also that summer bills will be higher than the average bill and winter bills lower. In addition, the impact on multi-family unit dwellings may be different as metering arrangements are different.

TIER RATES: Residential tier-rates are also proposed to increase 11%. Note that the Tier 2 rate applies to only 30% of customers — those who use more than 37,400 gallons in a bimonthly billing period. Similarly, only 2% of customers use in excess of 112,200 gallons in a bimonthly billing period, and are thereby subject to the Tier 3 rate.

<table>
<thead>
<tr>
<th>Proposed Residential Tier-rate Structure</th>
<th>Existing Rate</th>
<th>Proposed Rate</th>
<th>% Increase</th>
<th>% of Customers Impacted</th>
<th>Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier</td>
<td>Bimonthly Gal/ Gallons</td>
<td>1,000</td>
<td>1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>0-37,400</td>
<td>$2.49</td>
<td>$2.76</td>
<td>11%</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>37,401-112,200</td>
<td>$3.83</td>
<td>$4.25</td>
<td>11%</td>
<td>30%</td>
</tr>
<tr>
<td>3</td>
<td>112,201+</td>
<td>$6.50</td>
<td>$7.22</td>
<td>11%</td>
<td>2%</td>
</tr>
</tbody>
</table>

1 Weighted Average Commodity Rate

EFFECTIVE DATE: The 11% increase in rates and charges are proposed to be effective July 1, 2008 and would first appear in bills mailed commencing September 1, 2008.

INVITATION / INFORMATION: You are cordially invited to attend the hearing or mail your written comments. Should you have any questions or wish more detailed information, please call 897-4133 and ask for Renee.
June 5, 2008

Mr. Jeff McAndrew
Indian Valley Golf Course
P.O. Box 351
Novato, CA 94948

Re: Proposed Irrigation Water Rate Increase

Dear Mr. McAndrew:

The Board of Directors will consider rate increases for water service in the Novato area that will also affect the cost of irrigation water to the Indian Valley Golf Course. An 11% increase is being considered for Novato service area customers. The charge for irrigation water from Stafford Lake is currently $1.03/1,000 gallons. An 11¢/1,000 gallon increase in the cost of irrigation water is also proposed, increasing the rate to $1.14/1,000 gallons.

District staff proposes this increase become effective July 1 and would appear on bills rendered after September 1, 2007. The Board is holding a hearing on Tuesday, June 17, 2008 to consider the proposed rate increases. Enclosed is the public hearing notice that includes additional information.

You are invited to attend the public hearing or submit your written comments.

Sincerely yours,

Chris DeGabriele
General Manager

Enclosure
- Hearing Notice

Chris DeGabriele
June 5, 2008

Mr. Ron Paolini, Deputy Director Parks Department
Marin County Parks and Open Space
3501 Civic Center Drive, Room 417
San Rafael, CA 94903

Re: Proposed Irrigation Water Rate Increase

Dear Mr. Paolini:

The Board of Directors will consider rate increases for water service in the Novato area that will also affect the cost of irrigation water to the Stafford Lake Park. An 11% increase is being considered for Novato service area customers. The charge for irrigation water from Stafford Lake is currently $1.03/1,000 gallons. An 11¢/1,000 gallon increase in the cost of irrigation water is also proposed, increasing the rate to $1.14/1,000 gallons.

District staff proposes this increase become effective July 1 and would appear on all bills rendered after September 1, 2008. The Board is holding a hearing on Tuesday, June 17, 2008 to consider the proposed rate increases. Enclosed is the public hearing notice that includes additional information.

You are invited to attend the public hearing or submit your written comments.

Sincerely yours,

Chris DeGabriele
General Manager

Enclosure
- Hearing Notice

cc:
Supervisor Judy Arnold, Fifth District
Marin County Civic Center
3501 Civic Center Drive, #329
San Rafael, CA 94903

Sharon McNamee, General Manager
Marin County Parks and Open Space
3501 Civic Center Drive, Room 417
San Rafael, CA 94903

Supervisor Steve Kinsey, Fourth District
Marin County Civic Center
3501 Civic Center Drive, #315
San Rafael, CA 94903
Renee Roberts

From: Chris DeGabriele  
Sent: Wednesday, March 19, 2008 2:12 PM  
To: David Bentley  
Cc: Renee Roberts  
Subject: RE: Letter to the Board

Please give to Renee for the next agenda.  
Chris

From: David Bentley  
Sent: Wednesday, March 19, 2008 2:00 PM  
To: Chris DeGabriele  
Subject: FW: Letter to the Board

From: Robert Hemphill [mailto:roberthemphill@nsdweb.com]  
Sent: Wednesday, March 19, 2008 12:28 PM  
To: David Bentley  
Cc: advanceletters@novatoadvance.com  
Subject: Letter to the Board

North Marin Water District Board of Directors,

Please do not raise the costs of water again. You ask us to conserve during the lack of water and we do. You raise the rates to in the effort to have the community save water and the community responds during last year's lack of water. Now it appears that we will have enough water for the upcoming year; a normal amount of rainfall if not more. If you are concerned about not generating enough funds this upcoming year, then please revert back to the old lower rates and you will sell more water and bring you the income you were accustomed to prior to last year's income with the rate increases. I suggest that you have a rate fee for "drought years" and a separate rate fee for "normal or better than normal years". The community could relate to your actions with such a plan. If you increase rates during the non-drought years, that is not fair.

However, knowing the history of the board, the board will basically ignore input from the community. Thus you will automatically raise the rates no matter what anyone from the community says. Will you raise the rates at all price levels? Since you have proven that the high users of water are an extreme small percentage of the overall consumers, please do not raise the rates at the mid level or high tiers. Please play fair this time.

It is a shame to feel that whatever I write to the North Marin Water Board will make no difference. It makes no difference to even show up at your public hearings. As you know, I have attended several of your meetings and hearings. You do not let the people talk over 3 minutes on a serious topic. The Board continues to shut the door on the community. I feel the Board will do the same again on this topic.

Robert Hemphill

3/19/2008
Proposed
BUDGET

Public Hearing/Approve

Novato
Operating Budget
FISCAL YEAR
2008-09

NORTH MARIN WATER DISTRICT
999 RUSH CREEK PLACE, NOVATO, CA
TABLE OF CONTENTS

NORTH MARIN WATER DISTRICT

PROPOSED 2008/09 OPERATING BUDGET

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Novato Water Operating Expense History............................. 8

Stafford Lake Irrigation Water Use History.......................... 9
# NOVATO WATER
## BUDGET SUMMARY
### Fiscal Year 2008/09

<table>
<thead>
<tr>
<th>Proposed Budget 2008/09</th>
<th>Estimated Actual 2007/08</th>
<th>Adopted Budget 2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Sales</td>
<td>$10,760,000</td>
<td>$9,900,000</td>
</tr>
<tr>
<td>Wheeling &amp; Misc Service Charges</td>
<td>198,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Total Operating Income</td>
<td>$10,958,000</td>
<td>$10,100,000</td>
</tr>
</tbody>
</table>

| **OPERATING EXPENDITURES** |                          |                         |
| Source of Supply          | $3,565,000               | $3,322,000              | $3,637,000              |
| Pumping                   | 332,000                  | 336,000                | 345,000                |
| Operations                | 411,000                  | 492,000                | 446,000                |
| Water Treatment           | 1,523,000                | 1,502,000              | 1,343,000              |
| Transmission & Distribution | 2,244,000              | 2,212,000              | 2,013,000              |
| Consumer Accounting       | 487,000                  | 439,000                | 478,000                |
| General Administration    | 1,758,000                | 1,627,000              | 1,603,000              |
| Total Operating Expenditures | $10,320,000         | $9,940,000              | $9,865,000              |

| **NET OPERATING INCOME (LOSS)** |                          |                         |
| $638,000                     | $160,000                 | $528,000                |

| **OTHER SOURCES OF FUNDS** |                          |                         |
| Interest Revenue            | $355,000                 | $530,000                | $505,000                |
| Connection Fees             | 325,000                  | 1,350,000               | 1,760,000               |
| SCWA Water Conservation Reimb. | 0                       | 330,000                 | 350,000                 |
| SRF Loan Funds              | 1,000,000                | 425,000                 | 950,000                 |
| Miscellaneous               | 278,000                  | 577,000                 | 370,000                 |
| Total Other Sources         | $1,958,000               | $3,212,000              | $3,935,000              |

| **OTHER USES OF FUNDS** |                          |                         |
| Equipment Expenditures      | $306,000                 | $301,000                | $295,000                |
| Improvement Projects        | 6,675,000                | 2,918,000               | 7,224,000               |
| Bond & Loan Debt Service    | 825,000                  | 814,000                 | 590,000                 |
| Miscellaneous               | 20,000                   | 10,000                  | 20,000                  |
| Total Other Uses            | $7,826,000               | $4,043,000              | $8,129,000              |

| **NET SURPLUS/(DEFICIT)** | ($5,230,000)            | ($671,000)            | ($3,666,000)            |

**Depreciation (not included above)**

- $1,600,000
- $1,530,000
- $1,500,000

* Line 12+19-24
## NOVATO WATER OPERATING BUDGET DETAIL

**Fiscal Year 2008/09**

<table>
<thead>
<tr>
<th>STATISTICS</th>
<th>Proposed Budget 08/09</th>
<th>Estimated Actual 07/08</th>
<th>Adopted Budget 07/08</th>
<th>Actual 08/07</th>
<th>Actual 05/06</th>
<th>Actual 04/05</th>
<th>Actual 03/04</th>
<th>Actual 02/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Total Meters</td>
<td>20,740</td>
<td>20,640</td>
<td>20,850</td>
<td>20,571</td>
<td>20,485</td>
<td>20,097</td>
<td>19,386</td>
<td>19,161</td>
</tr>
<tr>
<td>2 Active Meters</td>
<td>20,500</td>
<td>20,400</td>
<td>20,590</td>
<td>20,325</td>
<td>20,193</td>
<td>19,739</td>
<td>19,130</td>
<td>18,819</td>
</tr>
<tr>
<td>3 Active Dwelling Units</td>
<td>23,630</td>
<td>23,730</td>
<td>23,950</td>
<td>23,698</td>
<td>23,522</td>
<td>22,801</td>
<td>22,130</td>
<td>21,594</td>
</tr>
</tbody>
</table>

### OPERATING INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>Proposed Budget 08/09</th>
<th>Estimated Actual 07/08</th>
<th>Adopted Budget 07/08</th>
<th>Actual 08/07</th>
<th>Actual 05/06</th>
<th>Actual 04/05</th>
<th>Actual 03/04</th>
<th>Actual 02/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 Water Sales</td>
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<td>$10,200,000</td>
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<td>$8,796,521</td>
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<td>118,000</td>
<td>123,000</td>
<td>113,000</td>
<td>111,913</td>
<td>103,104</td>
<td>100,212</td>
<td>121,071</td>
<td>78,340</td>
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<tr>
<td>6 Wheeling Charges-MMWDD</td>
<td>80,000</td>
<td>77,000</td>
<td>80,000</td>
<td>74,962</td>
<td>71,292</td>
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<td><strong>$9,526,307</strong></td>
<td><strong>$8,975,266</strong></td>
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### OPERATING EXPENSE SOURCE OF SUPPLY

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<tr>
<th>Description</th>
<th>Proposed Budget 08/09</th>
<th>Estimated Actual 07/08</th>
<th>Adopted Budget 07/08</th>
<th>Actual 08/07</th>
<th>Actual 05/06</th>
<th>Actual 04/05</th>
<th>Actual 03/04</th>
<th>Actual 02/03</th>
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<tbody>
<tr>
<td>8 Supervision &amp; Engineering</td>
<td>$8,000</td>
<td>$3,000</td>
<td>$20,000</td>
<td>$15,420</td>
<td>$20,736</td>
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<td>7,955</td>
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<td>(210,000)</td>
<td>(224,000)</td>
<td>(107,123)</td>
<td>(101,032)</td>
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<td><strong>$3,352,000</strong></td>
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<td><strong>$4,500,414</strong></td>
<td><strong>$3,650,691</strong></td>
<td><strong>$3,897,907</strong></td>
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### PUMPING

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<th>Adopted Budget 07/08</th>
<th>Actual 08/07</th>
<th>Actual 05/06</th>
<th>Actual 04/05</th>
<th>Actual 03/04</th>
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<tr>
<td>17 Operating Expense</td>
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<td>$17,000</td>
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<td>16,000</td>
<td>31,000</td>
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<td>15,528</td>
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<td>19 Maintenance of Pumping Equipment</td>
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<td>15,395</td>
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<td>227,000</td>
<td>251,000</td>
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<td>208,611</td>
<td>201,346</td>
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<td><strong>$336,000</strong></td>
<td><strong>$345,000</strong></td>
<td><strong>$307,616</strong></td>
<td><strong>$297,843</strong></td>
<td><strong>$268,519</strong></td>
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### OPERATIONS

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<th>Adopted Budget 07/08</th>
<th>Actual 08/07</th>
<th>Actual 05/06</th>
<th>Actual 04/05</th>
<th>Actual 03/04</th>
<th>Actual 02/03</th>
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<tr>
<td>22 Supervision &amp; Engineering</td>
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<td>$188,000</td>
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<td>125,000</td>
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<td>170,162</td>
<td>183,534</td>
<td>123,688</td>
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<td>74,000</td>
<td>118,000</td>
<td>73,000</td>
<td>108,197</td>
<td>83,482</td>
<td>70,465</td>
<td>56,212</td>
<td>49,527</td>
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<td>25 Leased Line Expense</td>
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<td>22,000</td>
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<td>51,094</td>
<td>20,605</td>
<td>30,231</td>
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<td>54,000</td>
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## NOVATO WATER OPERATING BUDGET DETAIL

Fiscal Year 2008/09

<table>
<thead>
<tr>
<th>Proposed Budget 06/09</th>
<th>Estimated Budget 07/08</th>
<th>Adopted Budget 07/08</th>
<th>Actual 06/05</th>
<th>Actual 05/06</th>
<th>Actual 04/05</th>
<th>Actual 03/04</th>
<th>Actual 02/03</th>
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<tr>
<td>WATER TREATMENT</td>
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<td></td>
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<td></td>
<td></td>
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<td>28 Supervision &amp; Engineering</td>
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<td>$98,000</td>
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<td>$173,000</td>
<td>$114,000</td>
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<td>$61,336</td>
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<td>$90,104</td>
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<td>$54,000</td>
<td>$46,000</td>
<td>$68,000</td>
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<td>$91,753</td>
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<td>$87,000</td>
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<td>$79,359</td>
<td>$96,146</td>
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<td>$99,000</td>
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<td>$1,119,884</td>
<td>$892,076</td>
<td>$996,202</td>
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| TRANSMISSION & DISTRIBUTION |                        |                      |             |             |             |             |             |             |
|-----------------------------|------------------------|----------------------|-------------|-------------|-------------|-------------|-------------|
| 37 Supervision & Engineering | $546,000 | $509,000 | $501,000 | $522,863 | $490,471 | $462,815 | $535,273 | $332,750 |
| 38 Maps & Records | $93,000 | $85,000 | $108,000 | $48,957 | $53,594 | $70,115 | $44,098 | $57,969 |
| 39 Operation of T&D System | $477,000 | $474,000 | $415,000 | $396,866 | $401,962 | $350,274 | $275,441 | $310,444 |
| 40 Storage Facilities Expense | $157,000 | $114,000 | $156,000 | $115,457 | $122,069 | $119,326 | $94,586 | $74,315 |
| 41 Maintenance of Valves & Reliefs | $142,000 | $102,000 | $124,000 | $165,842 | $131,770 | $88,487 | $79,108 | $58,609 |
| 42 Maintenance of Mains | $111,000 | $165,000 | $104,000 | $119,713 | $158,048 | $102,953 | $65,827 | $64,679 |
| 43 Backflow Prevention Program | $88,000 | $142,000 | $65,000 | $76,174 | $64,245 | $49,165 | $44,770 | $49,191 |
| 44 Maintenance of Copper Services | $185,000 | $197,000 | $162,000 | $233,355 | $223,527 | $181,593 | $116,579 | $122,768 |
| 45 Maintenance of PB Service Lines | $176,000 | $259,000 | $157,000 | $258,788 | $164,930 | $96,720 | $104,815 | $108,436 |
| 46 Detector Check Assembly Maint | $53,000 | $3,000 | $19,000 | $34,177 | $16,798 | $14,391 | $17,406 | $12,577 |
| 47 Maintenance of Meters | $153,000 | $133,000 | $142,000 | $125,337 | $113,891 | $106,745 | $102,672 | $128,362 |
| 48 Maintenance of Hydrants | $63,000 | $29,000 | $60,000 | $42,474 | $42,936 | $34,222 | $24,658 | $50,868 |
| TOTAL TRANSMISSION & DISTRIBUTION | $2,244,000 | $2,212,000 | $2,013,000 | $2,138,803 | $1,984,241 | $1,677,008 | $1,323,233 | $1,371,168 |

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<td>$49,000</td>
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<td>(14,200)</td>
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### NOVATO WATER OPERATING BUDGET DETAIL

**Fiscal Year 2008/09**

<table>
<thead>
<tr>
<th>Item</th>
<th>Proposed Budget 08/09</th>
<th>Estimated Actual 07/08</th>
<th>Adopted Budget 07/08</th>
<th>Actual 06/07</th>
<th>Actual 05/06</th>
<th>Actual 04/05</th>
<th>Actual 03/04</th>
<th>Actual 02/03</th>
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<tbody>
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<td>159,000</td>
<td>108,228</td>
<td>109,126</td>
<td>140,448</td>
<td>103,981</td>
<td>68,091</td>
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<td>30,000</td>
<td>31,000</td>
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<td>29,073</td>
<td>27,569</td>
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<td>Building &amp; Grounds Maintenance</td>
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<td>45,000</td>
<td>33,000</td>
<td>41,312</td>
<td>44,193</td>
<td>41,204</td>
<td>34,837</td>
<td>21,483</td>
</tr>
<tr>
<td>Office Equipment Expense</td>
<td>99,000</td>
<td>77,000</td>
<td>131,000</td>
<td>98,577</td>
<td>63,567</td>
<td>51,590</td>
<td>55,171</td>
<td>29,752</td>
</tr>
<tr>
<td>Insurance Premiums &amp; Claims</td>
<td>119,000</td>
<td>261,000</td>
<td>173,000</td>
<td>182,754</td>
<td>113,664</td>
<td>132,633</td>
<td>98,118</td>
<td>81,697</td>
</tr>
<tr>
<td>Retiree Medical Benefits</td>
<td>191,000</td>
<td>181,000</td>
<td>185,000</td>
<td>180,771</td>
<td>158,631</td>
<td>126,946</td>
<td>113,163</td>
<td>81,697</td>
</tr>
<tr>
<td>G&amp;A Distributed to West Marin</td>
<td>(102,000)</td>
<td>(86,000)</td>
<td>(92,000)</td>
<td>(73,004)</td>
<td>(65,249)</td>
<td>(60,208)</td>
<td>(51,850)</td>
<td>(39,480)</td>
</tr>
<tr>
<td>G&amp;A Applied to Construction Projects</td>
<td>(206,000)</td>
<td>(211,000)</td>
<td>(194,000)</td>
<td>(172,336)</td>
<td>(202,956)</td>
<td>(176,265)</td>
<td>(213,499)</td>
<td>(201,268)</td>
</tr>
<tr>
<td><strong>TOTAL GENERAL &amp; ADMIN.</strong></td>
<td>$1,758,000</td>
<td>$1,627,000</td>
<td>$1,603,000</td>
<td>$1,584,001</td>
<td>$1,358,707</td>
<td>$1,198,672</td>
<td>$1,076,075</td>
<td>$826,791</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSE</strong></td>
<td>$10,320,000</td>
<td>$9,940,000</td>
<td>$9,865,000</td>
<td>$10,703,777</td>
<td>$10,158,539</td>
<td>$8,553,896</td>
<td>$8,219,252</td>
<td>$7,302,290</td>
</tr>
<tr>
<td><strong>OPERATING INCOME/(LOSS) BEFORE DEPRECIATION</strong></td>
<td>$638,000</td>
<td>$160,000</td>
<td>$528,000</td>
<td>$84,553</td>
<td>($632,232)</td>
<td>($421,370)</td>
<td>($185,577)</td>
<td>($66,070)</td>
</tr>
<tr>
<td>Non-budgeted Depreciation</td>
<td>$1,600,000</td>
<td>$1,530,000</td>
<td>$1,500,000</td>
<td>$1,377,612</td>
<td>$968,939</td>
<td>$908,004</td>
<td>$912,581</td>
<td>$744,013</td>
</tr>
</tbody>
</table>
### NOVATO WATER RECAP

**Budgeted Revenue/Expense Recap Fiscal Year 2008/2009**  
**Compared To Estimated Actual For Fiscal Year 2007/2008**

<table>
<thead>
<tr>
<th>SOURCE OF FUNDS</th>
<th>Proposed Budget 08-09</th>
<th>Estimated Actual 07-08</th>
<th>Increase (Decrease)</th>
<th>Percentage Change</th>
<th>Comments on Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Sales</td>
<td>$10,760,000</td>
<td>$9,900,000</td>
<td>$860,000</td>
<td>9%</td>
<td>3.2 billion gal w/15¢ rate increase for all customers</td>
</tr>
<tr>
<td>Connection Fees</td>
<td>325,000</td>
<td>1,350,000</td>
<td>(1,025,000)</td>
<td>(76%)</td>
<td>Assumes 23 SF homes and 50,000 sq ft of commercial development</td>
</tr>
<tr>
<td>Interest Revenue</td>
<td>355,000</td>
<td>530,000</td>
<td>(175,000)</td>
<td>(33%)</td>
<td>Estimated available funds invested at average rate of 3.5%.</td>
</tr>
<tr>
<td>SCWA Wtr Conserv Reimb</td>
<td>0</td>
<td>330,000</td>
<td>(330,000)</td>
<td>(100%)</td>
<td>Reimb for Water Conservation expense discontinued</td>
</tr>
<tr>
<td>RWF &amp; STP SRF Loan Fund</td>
<td>1,000,000</td>
<td>425,000</td>
<td>575,000</td>
<td>135%</td>
<td>Stafford Outlet Tower Repair Loan Funds</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>476,000</td>
<td>777,000</td>
<td>(301,000)</td>
<td>(39%)</td>
<td>Wheeling Charges, Rents, Leases, Vehicle Recover &amp; Misc.</td>
</tr>
<tr>
<td><strong>TOTAL SOURCE OF FUNDS</strong></td>
<td><strong>$12,916,000</strong></td>
<td><strong>$13,312,000</strong></td>
<td><strong>($396,000)</strong></td>
<td><strong>(3%)</strong></td>
<td></td>
</tr>
</tbody>
</table>

**USE OF FUNDS OPERATIONS**

| Source of Supply               | $3,565,000            | $3,332,000             | $233,000            | 7%                | 2,470 MG @ $1,506/MG ($244K offset by debt amortization reserve fund)             |
| Pumping                        | 332,000               | 336,000                | (4,000)             | (1%)              | 1.9 Million Kwh at 13¢/Kwh                                                       |
| Operations                     | 411,000               | 492,000                | (81,000)            | (16%)             | Reduction in supervision & general maintenance expense                            |
| Water Treatment                | 1,523,000             | 1,502,000              | 21,000              | 1%                | Budgeted for 750 MG production                                                    |
| Transmission & Distribution   | 2,244,000             | 2,212,000              | 32,000              | 1%                | $365K budgeted to replace copper & polybutylene services                          |
| Consumer Accounting            | 487,000               | 439,000                | 48,000              | 11%               | FY08 E/A includes prolonged leave without pay                                     |
| General Administration         | 1,758,000             | 1,627,000              | 131,000             | 8%                | FY08 budget includes 4% COLA                                                       |
| **TOTAL OPERATIONS**           | **$10,320,000**       | **$9,940,000**         | **$380,000**        | **4%**             |                                                                                    |

**OTHER OUTLAYS**

| Equipment Expenditures         | $306,000              | $301,000               | $5,000              | 2%                | Includes $182K in vehicle expenditures, $20K in Info Sys expenditures             |
| Improvement Projects           | 6,875,000             | 2,918,000              | 3,757,000           | 129%              | Includes $2.9M for Palmer Dr Tank & $1.2M for Outlet Tower Repair                 |
| Bond Interest & Redemption    | 825,000               | 814,000                | 11,000              | 1%                | Includes $390K for SRF loan pmts & $200K final boundary reorg pmt                   |
| Miscellaneous                  | 20,000                | 10,000                 | 10,000              | 100%              | Misc.                                                                             |
| **TOTAL OTHER OUTLAWS**        | **$7,826,000**        | **$4,043,000**         | **$3,783,000**      | **94%**            | Largest factor is increase in planned Improvement Projects                         |
| **TOTAL EXPENDITURES**         | **$18,146,000**       | **$13,983,000**        | **$4,163,000**      | **30%**            |                                                                                    |

**REVENUE LESS EXPENDITURES**

| Revenue Less Expenditures      | ($5,230,000)          | ($671,000)             | ($4,559,000)        | 679%              |                                                                                   |

**NOTES**

1. This compares to $17,994,000 expense budgeted for 2007/08
NORTH MARIN WATER DISTRICT - NOVATO WATER
FISCAL YEAR 2008-09

SOURCE OF FUNDS = $18,146,000

Reserves
$5,230,000
29%

Other
$2,156,000
12%

Water Sales
$10,760,000
59%

USE OF FUNDS = $18,146,000
Novato Water Billed Consumption
10 Year History
Net of Stone Tree Golf Course Potable Irrigation Water

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Million Gal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>3,067</td>
</tr>
<tr>
<td>2000</td>
<td>3,367</td>
</tr>
<tr>
<td>2001</td>
<td>3,419</td>
</tr>
<tr>
<td>2002</td>
<td>3,475</td>
</tr>
<tr>
<td>2003</td>
<td>3,510</td>
</tr>
<tr>
<td>2004</td>
<td>3,587</td>
</tr>
<tr>
<td>2005</td>
<td>3,339</td>
</tr>
<tr>
<td>2006</td>
<td>3,254</td>
</tr>
<tr>
<td>2007</td>
<td>3,536</td>
</tr>
<tr>
<td>2008 e/a</td>
<td>3,240</td>
</tr>
<tr>
<td>2009 Budget</td>
<td>3,200</td>
</tr>
</tbody>
</table>
Novato Water Operating Expense History

Operating Expenses are increasing at a compound annual rate of 6%

Fiscal Year

00 01 02 03 04 05 06 07 08 e/a 09 Proposed